
Advantage to Remain for Years

Report Says East Leads West in Weaponry

The Associated Press
LONDON — The Soviet Union and its satellites have seized a commanding lead over the United States and its allies in both strategic nuclear and conventional weapons according to the International Institute for Strategic Studies.

The report of the institute, to be released Thursday, said it will take years to overcome the lead of the Warsaw Pact nations.

"Not until NATO begins to deploy new long-range [missile] systems in about 1983-4 can any substantial increase in its capability be expected," the institute said in its annual survey of world military strength.

The report covers events up to last July, but the institute's director, Christoph Bertram, a former official in the West German Defense Ministry, told a news conference that the recent upheaval in

Poland "does not affect the figures in the military balance." Rather, he said, it underscores the possibility of an "unravelling of the existing security system in Eastern Europe, and the uncertainty of the reliability of Warsaw Pact forces."

Major Readjustments

The institute said that the Soviet intervention in Afghanistan in December demonstrated its ability "for swift mobilization and rapid intervention beyond her borders." At the same time, it said, Moscow soon discovered "that an army trained for warfare in Europe is not well suited to counter-guerrilla operations, and major readjustments in terms of reorganization and equipment are having to be made."

The report urged the United States to press ahead "toward more survivable strategic nuclear forces" because of "Soviet techno-

logical improvement which is specifically seen as threatening U.S. land-based missiles. As the Soviet Union continues to deploy large numbers of newer [and significantly more accurate] long-range missiles, the theoretical vulnerability of U.S. Minuteman and Titan silo-based ICBMs increases," it said.

The institute agreed that the MX, the new U.S. mobile missile, and the replacement of the Poseidon missiles in U.S. submarines with the longer-range Trident C-4 missile "will go far to assure the credibility of the American deterrent."

At sea, the Russians are putting new submarines into service with "longer range missiles enabling them to threaten the United States from Soviet home waters."

The report noted that Britain is introducing a new warhead for its Polaris submarine-launched missiles and France has deployed a

fifth nuclear-armed submarine.

But the institute said the greatest disparity between NATO and Warsaw Pact forces lies in conventional weaponry. It remarked, however, that the debate in the United States over arms is "largely focused on deficiencies in nuclear strategic forces, rather than on the more disturbing shortcomings in conventional strength."

While some NATO countries are fulfilling their commitment to devote 3 percent of their real growth to defense spending, others, notably Belgium and Denmark, "are falling short of their undertakings," the report said. Military spending in the Warsaw Pact is considerably higher, it said, especially in East Germany with 6.3 percent of gross national product.

"It is clear that the new equipment entering Warsaw Pact service is of high technical quality and well-suited to mechanized operations in Central Europe," the institute said.

But weapons alone do not tell the whole story. Increasingly, manpower constraints are beginning to have an impact on military capability. This is most noticeable in the case of the United States [leading to a decision to introduce registration for a draft], but it will not be many years before demographic trends will start to have a substantial impact on the military forces of countries which had only low birthrates in the 1960s (particularly in Western Europe), whether these forces consist of voluntary or enlisted manpower."

China Pushes ICBMs

LONDON (UPI) — China is developing intercontinental rockets capable of hitting almost anywhere in the Soviet Union, the International Institute for Strategic Studies said.

The institute's annual survey said that a multistage rocket with a limited range of 2,000 to 3,750 miles was first tested in 1976 and some already have been deployed.

It said an intercontinental rocket thought to have a range of 8,100 miles — which could reach almost anywhere in the Soviet Union — was test fired last May. There have been no reports of its actual deployment, but it said the missile has been used successfully as a launcher for satellites.

Tentative Accord Said Reached in Hollywood Strike

The Associated Press
HOLLYWOOD — Negotiators for striking actors Wednesday reached a tentative agreement with film and television producers on the main contract issue in the eight-week walkout, but other issues remained to be settled, a federal mediator said.

The agreement on residual payments to actors for programs shown on pay television and in video cassettes was reached after 15 hours of talks, said federal mediator Tim O'Sullivan.

As the talks were under way, dozens of film and television stars turned out for a union benefit that raised an estimated \$250,000 for the lesser-known actors hardest hit by the walkout.

Mr. O'Sullivan declined to disclose details of the agreement until leaders of the two actors' unions — the Screen Actors Guild and the American Federation of Television and Radio Artists — could discuss it with their members.

"There are a number of issues which still remain to be settled, including wage scales," Mr. O'Sullivan said. "The unions will wait until the other matters are settled and then vote on the total package."

Greek Musician Gets Prison for Obscenity

Reuters
ATHENS — Greek composer Manos Hadzidakis, who wrote the music for the film "Never on Sunday," was sentenced Wednesday to five months' imprisonment on charges of insulting public morals.

An Athens civil court, which tried Mr. Hadzidakis in his absence, found him guilty of broadcasting last April obscene excerpts from a book by Greek writer Nicholas Koulouras. Mr. Hadzidakis is expected to appeal the sentence.

Havana Warns Skyjacks Face Prosecution

U.S. Plane Hijacked to Cuba by 2 Men

United Press International
MIAMI — Despite a stern warning from the Cuban government, two Spanish-speaking men hijacked a Delta Airlines plane to Havana Wednesday. It was the 13th hijacking to Cuba this year.

The plane, a Boeing 727 with 114 persons aboard, returned to Miami at 8 a.m. As with all previous hijackings this year, no injuries were reported.

On Tuesday Cuba issued a statement warning its former countrymen, who came to the United States in last spring's refugee exodus, that hijackers faced imprisonment in Cuba or a return to the United States for prosecution. The statement was hailed by the U.S. State Department.

The Communist Party newspaper Granma in Havana said Tuesday in an article that the hijackers were "scums [who] have become disappointed after bitter experiences in Yankee paradise."

The plane was hijacked by the



Kim Dae Jung

S. Korean Court Gives Kim Death

(Continued from Page 1)

Kim's sentence as a symbol of mercy.

The South Korean military court also passed sentences ranging from 3 to 20 years on 23 other defendants accused of conspiring with Mr. Kim.

Mr. Kim has been the country's most prominent political opposition leader for years and narrowly lost the presidential election in 1971 against the late Park Chung Hee. He was arrested in a military crackdown on May 17 as Gen. Chun came to power by pushing aside the civilian government.

He was accused of planning an insurrection last May, when thousands of students were demonstrating against martial law and demanding a return to democratic elections. He also was charged with forming an anti-state organization in the early 1970s while he was in exile in Japan.

During his trial, Mr. Kim said that he had been held in an isolated cell for 60 days, subjected to persistent questioning and brought to the brink of torture.

He denied plotting to overthrow the government and said that he had never formed an anti-state organization in Japan, pointing out he had been kidnapped from Tokyo by government agents before the organization was formed.

He had acknowledged violating some martial-law edicts last spring and admitted receiving money in violation of the foreign exchange act. Neither of those charges carried a death penalty.

The verdict could be set aside by the current martial law commander, Gen. Lee Hui Sung or by the Supreme Court. If both appeals fail, his fate would be in the hands of President Chun, who must sign an order for his execution.

In a final statement to the military court last week, Mr. Kim denied that he ever intended to seize power through an insurrection.

International Concern

From Agency Dispatch

TOKYO — Japanese Prime Minister Zenko Suzuki expressed worry and concern over the death sentence and told reporters: "Our concern will be conveyed to the Seoul government."

Japan's biggest labor organization, the 4.6-million member General Council of Trade Unions, decided to hold regional protest rallies against the sentence.

In Bonn, West German Foreign Minister Hans-Dietrich Genscher called on other Common Market countries to join Bonn in demanding that Mr. Kim should not be executed.

Last week, Mr. Genscher instructed Bonn's ambassador to Seoul to warn of "serious consequences" which would result if the death sentence were carried out.

Australian Foreign Minister Andrew Peacock told parliament in Canberra: "It is our earnest wish that the warms of our relations with South Korea should continue. But it could be eroded if the sentence is carried out."

In London, Amnesty International said it was "appalled" by the human rights organization said Mr. Kim's trial had "failed to meet internationally recognized standards of fairness."

2 U.S. Parachutists Die

United Press International
LAKEHURST, N.J. — Two members of a U.S. Navy special warfare elite parachute group, based in Little Rock, Va., fell to their deaths here Tuesday after they collided and their parachutes deflated, authorities said.

Their discussions are expected to include the Middle East, East-West relations and bilateral questions of trade and culture, the officials said.

Barre to See Kreisky

International Herald Tribune
PARIS — Prime Minister Raymond Barre plans to meet with Austrian Chancellor Bruno Kreisky in Vienna next Thursday and Friday, officials of the two nations said here Wednesday.

Their discussions are expected to include the Middle East, East-West relations and bilateral questions of trade and culture, the officials said.

Nine U.S. aircraft have been hijacked to Cuba since August by Cubans. The Cubans were arrested when they landed in Havana.

A spokesman for the Columbia Metropolitan Airport Police said the plane was on the ground a little more than an hour and no one got off. "People usually get off, but no one did this time," he said. "They — the supposed hijackers — would not let anyone come near except refuelers. We called in extra police."

He said the hijackers relayed their demands "evidently through the pilot, who talked to the tower."

Gen. Somoza Assassinated In Paraguay

(Continued from Page 1)

staff member here and was told that one of the assassins was slain and two others were captured. But he did not identify them, and police in Paraguay did not confirm the report.

The Asuncion radio station Primero de Marzo said that Gen. Somoza's bodyguards "managed to survive the attack and return the fire of the assassins, who finally killed the bodyguards. After eliminating the bodyguards the attackers closed in on Gen. Somoza's car and threw bombs at it to destroy it."

The station, quoting unidentified police sources, said that the assassins belonged to "a rather large international terrorist group hired for the job." It gave no further details.

Mr. Cordoba Rivas, the junta member, said that a total of Gen. Somoza in absentia for the alleged crimes of his regime had begun in Nicaragua; specifically in the assassination of publisher Pedro Jacquin Chamorro, in 1978.

In Washington, State Department spokesman John Tritt said of the assassination, "Of course we deplore violent death, no matter where it occurs and to whom it occurs." But, he said, "it is really not our affair."

Gen. Somoza, a graduate of the U.S. Military Academy at West Point, became president of Nicaragua in 1967, following his father, Anastasio Somoza Garcia, and a brother, Luis.

His father, who overthrew a constitutionally elected president in 1936, ruled as chief of the National Guard or as president until he was slain by an assassin in 1956. Luis Somoza was president from 1957 to 1963 and died of a heart attack in 1967. A puppet president, Rene Schick Gutierrez, was installed from 1963 to 1967.

Anastasio Somoza molded the Nicaraguan National Guard into the strongest military force in Central America. He was assassinated by a group of human rights activists, the Nicaraguan Permanent Commission on Human Rights, Amnesty International and other groups estimated that 2,000 Nicaraguans had disappeared between 1974 and 1978 after being arrested by the National Guard — but his supporters insisted that he brought economic stability to the nation and its 2.5 million people.

Gen. Somoza had control of nearly every economic sector of the country and some estimates of his personal wealth ranged as high as \$500 million. He acted to stifle any opposition, tampered with the country's laws and tried to give the regime a democratic facade.

After a heart attack in 1977, he sought treatment in Miami for three months, and in his absence the opposition started to come out into the open. Leftist guerrillas from the Sandinista National Liberation Front, who had been trying to depose the Somoza family for two decades and install a Marxist government, mounted the first of a series of armed attacks.

More than 150 people were killed and nearly 800 wounded in fighting in the first eight months of 1978 and there were open demands for Gen. Somoza's resignation. Business leaders joined labor in a nationwide strike.

But Gen. Somoza refused to resign. The Sandinistas stepped up their attacks, seizing the National Palace in August, 1978, and holding 1,500 legislators and government officials hostage for two days until Gen. Somoza released 25 guerrillas and 59 political prisoners and had them flown out of the country.

Anti-Somoza demonstrations broke out around the country. The National Guard fought back with helicopters and planes, but there was discussion in the Guard. Near the end, it was a besieged Gen. Somoza who tried to run the country from a heavily guarded bunker.

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WORLD NEWS BRIEF

Brzezinski Defends Role in Billy Carter

United Press International
WASHINGTON — National security adviser Zbigniew Brzezinski Wednesday said there is "not a shred of evidence" that he influenced U.S. policy toward Libya.

Appearing before a Senate subcommittee probing Billy Carter's connection, Mr. Brzezinski also defended his role in a president's brother to persuade Libya to speak out on behalf of hostages in Iran.

East Bloc Opposes Security Talks Agency

The Associated Press

MADRID — The Soviet bloc signaled the first East-West action Wednesday at a planning session of the 35-nation Council for Security and Cooperation. Czechoslovakia opposed an agreement would allow the United States to assail the Soviet Union's violations of the Helsinki agreements on human rights and for intervention in Afghanistan.

Opposition to the agenda for the conference, which is to be held in Helsinki, seemed certain to bring an open clash between the Soviet Union and the United States. A Soviet source said that Czechoslovakia's representative Moscow's view.

Cut in Britain's EEC Contribution Attacked

Reuters

STRASBOURG, France — The steep reduction in Britain's contribution to the European Economic Community budget, agreed May, came under attack in the European Parliament today.

Dutch Socialist Pieter Dankert, who headed the Parliament's month resistance to approval of an EEC budget earlier this year, agreed that Britain secured showed the power of "blackmail" community officials.

He was presenting a budget committee report on the ways Britain's \$1.67 billion refund on its projected \$2.5 billion contribution for 1980 should be paid. Mr. Dankert said the agreement set a precedent because it singled out one EEC state and imposed ceiling for its contribution to the budget. If all EEC states do such limits, the community would fall apart, he added.

Guerrillas Attack OAS Office in Salvador

United Press International

SAN SALVADOR — Leftist guerrillas attacked the office of the organization of American States here Wednesday and seized the witnesses said.

Troops surrounded the area but neither the number of guerrillas nor their demands were immediately known. Guerrillas fired Chinese anti-tank rockets at the U.S. Embassy, but no injuries although the building was badly damaged.

Manila Demonstrators Defy Martial Law

United Press International

MANILA — Youths chanting "revolution, not normalization," demonstrations here Wednesday as strict martial law was against urban terrorists.

The police said 10 students were arrested. Demonstrations under martial law. Students have been staging sporadic protests parts of the city to elude riot police.

Fiat Vehicle Production Halted By Strike

The Associated Press

TURIN — A strike by metalworkers halted production at Fiat here Wednesday as negotiations continued over the firm's fire about 14,000 workers.

The walkout originally was called for three hours, but even extended to the entire shift, Fiat officials said. The action was over Fiat's intentions to cut its payroll because of slacker abroad.

Boulogne Fishermen To End 8-Week Strike

Reuters

BOULOGNE, France — Trawler crews based here voted Wednesday to end their eight-week strike which led at one stage to a blockade of French ports.

The fishermen decided to accept offers by trawler owners to fishing with the usual number of crew members, but with a standing that wages should be restricted to 35 percent of turnover.

Wars, Drought Heighten Hunger in African States

(Continued from Page 1)

nominal rains returned. The area received 500,000 tons of food in 1978, when it was calculated that 7 million of its 30 million people suffered from acute malnutrition. The Sahara has advanced southward 78 miles in the 17 years, and rainfall has decreased by 25 percent during the same period.

Zambia and remote areas of Zaire are short of food. Botswana, Mozambique and Rwanda are suffering. Zimbabwe, rebuilding after an eight-year war, and with its northwest rim touched by the drought, is believed to be at least three years away from reaching self-sufficiency in food.

Africa's trade deficit in major foods was \$1.3 billion last year. Economists say most of Africa cannot afford to continue importing food. Petroleum prices have risen while prices for exports such as coffee, cocoa and tea have fallen. Kenya spends 25 percent of its foreign exchange for petroleum products. Uganda spends all its foreign earnings, about \$10 million a month, to pay its monthly petroleum bill.

"Present conditions are exacerbating the economic stagnation of this whole area," said an American economist in Nairobi. "Under the best of conditions there is no money available for capital investment. The whole thing just seems to feed on itself in a way that is devastating to a country."

As far as East Africa is concerned, there appears to be an engineering solution to its problems, but there is also a political stumbling block. The answer, according to an 11-year study of the Nile basin conducted by the United Nations Development Program, could come from Lake Victoria, the second largest natural lake in the world. Despite the drought, the lake has risen two and a half meters because of erosion and freak rains since 1970.

Robert Kitchen Jr., regional representative of the Development Program, says, "If you could take off just one-half meter, the result in water supply would be equal to the total flow of the Blue and White Nile for the next five years, and in the process you could generate enough hydro-electricity to service East Africa for the next 25 years."

"You could bring water all the way across to the Indian Ocean if you could just find the political will to do so. But there is absolutely no interest in anything more than the day-to-day critical activities."

Machel Visits East Berlin
Reuters
BERLIN — President Samora Machel of Mozambique arrived Wednesday in East Berlin for the third stop of a tour of Eastern Europe, after visiting Romania and Bulgaria.

FAO Launches Africa Effort

The Associated Press

ROME — More than 100 African leaders face famine than in the 1973-74 drought, less wealthy countries them cereal shipments the end of the year. United Nations officials report.

In an attempt to stave off starvation gripping 25 countries, the United Nations Food and Agriculture Organization is launching an emergency to secure enough wheat and maize at a special price of 35 countries on Friday.

"If we do not help, the die quietly, slowly," said the director of the organization, Edouard Saizewitz, Tuesday. He is seeking 550,000 tons of wheat to be shipped quickly to Somalia and Ethiopia — shelter more than one million refugees — and to eight of the Sahel area.

The UN official said he expected the United States to lead the way in pledging a 25 percent of the \$125 million FAO is seeking.

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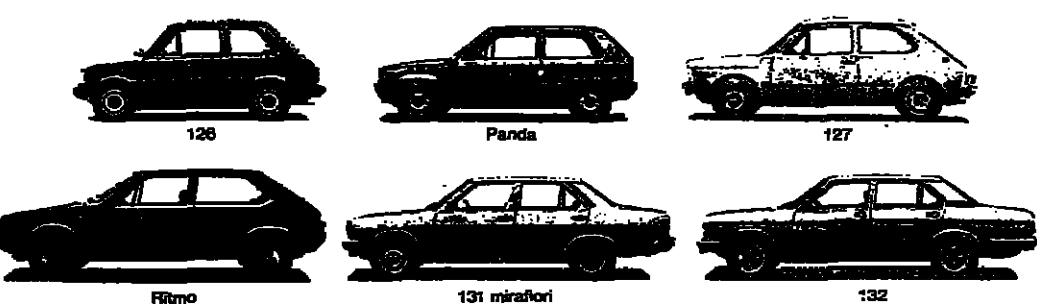
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Economy Is Top Issue

Carter Leads Reagan 3 Points in Poll

By Robert C. Toth

WASHINGTON — Far more Americans than ever before are concerned about the economy, according to a new poll. But it is rated well above for an understanding of the president's role in the economy.

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important problem but only 1 in 10 cited any foreign policy problem as the most important.

Thirty-six percent of those polled thought that the economy would improve under Mr. Reagan, while only 25 percent expected that to happen if Mr. Carter won a second term. Thirty-five percent, when asked, said they feared that Mr. Reagan might get the country into a war, and 10 percent volunteered that fear when asked what was their greatest worry about his election. When asked directly, only 21 percent said that they feared Mr. Carter might get into a war, and only 2 percent volunteered that fear.

Sixty-seven percent of the respondents said that Mr. Reagan "offers a clear vision of where he wants to lead the country," while 46 percent said that of Mr. Carter. The Republican was termed a "strong leader" by 57 percent, but only 33 percent said that of Mr. Carter.

Mr. Carter came out well ahead on whether he "understands the complicated problems a president



Ronald Reagan tries on a sombrero in San Antonio, Texas, as he goes campaigning to attract votes of Mexican-Americans.

has to deal with," with 68 percent saying he did to 48 percent saying that of Mr. Reagan. Mr. Carter was regarded as someone who "cares about ordinary people" by 77 percent, while 58 percent said Mr. Reagan fitted that description.

Political analysts such as Peter Hart, a leading pollster for Democrats, have argued that the election may turn on whether Mr. Reagan is considered forceful, or rash, and whether, in contrast, Mr. Carter is viewed as cautious, or indecisive.

That verdict has clearly not yet

been formed, though the Times-CBS News poll indicates that the question has been joined. Only 1 voter in 10 considers Mr. Carter forceful and only 2 in 10 think of Mr. Reagan as cautious.

But when pressed on Mr. Carter, the remaining respondents split, 49 to 42 percent, on whether he is "cautious" or "indecisive." And those who did not call Mr. Reagan "cautious" divided, 51 percent to 38 percent, on whether he could best be described as "forceful" or "rash."

Appearance Before Senate Panel

Muskie Backs New U.S. Nuclear Strategy

By Richard Burt

WASHINGTON — Secretary of State Edmund Muskie said Tuesday that Soviet criticism of the Carter administration's new nuclear targeting policy was disingenuous and asserted that the revised strategy was meant to dispel Moscow's notion that it could win a nuclear war.

Appearing before the Senate Foreign Relations Committee Tuesday morning, Mr. Muskie expressed strong support for the new nuclear policy, saying that "it should ensure that potential adversaries are fully convinced of our determination to resist nuclear aggression on any scale, at all times and in all circumstances."

While reporting that the "countervailing strategy" called for emphasizing the ability of American strategic forces to carry out pinpoint attacks against Soviet military targets, both he and Secretary of Defense Harold Brown stressed that the administration did not believe a "limited" nuclear war was possible.

Mr. Muskie also told the committee that, after recent talks with West European governments, "the allies have indicated they understand the countervailing strategy

and appreciate the ways in which it strengthens the U.S. strategic linkage to their security."

Mr. Muskie's statement was clearly meant to defuse controversy over the new nuclear policy, which was contained in a directive approved by President Carter on July 25. Following the disclosure of the strategy early last month, Mr. Muskie expressed annoyance over not being fully informed of its details.

Earlier Views

There were also reports last month that Mr. Muskie disagreed with the thrust of the revised strategy, fearing that it could raise the risks of nuclear war with the Soviet Union. As a member of the Foreign Relations Committee in 1974, Mr. Muskie criticized the idea of selective nuclear strikes against military targets and contended that it could make strategic forces appear usable.

Mr. Muskie told the committee Tuesday that the failure of White House and Pentagon officials to consult him on the revised strategy was "an unintended exception to this administration's record of substantially increased State Department involvement in national security issues."

Mr. Muskie said that Moscow's "attention to nuclear warfighting" now required Washington to make it clear that the United States could respond to any kind of attack, including one directed against American land-based missiles. Talking to reporters later, he said his apparent shift on nuclear strategy since 1974 was a product of "technological developments on both sides, changes in capabilities and changes in perceptions of the possibilities of nuclear war."

Describing Moscow's strong, hostile response to the nuclear strategy, Mr. Muskie told the committee that "the public reaction of the Soviets to what one would expect." He said, "We should expect the Soviets to try to use [the strategy] to split us from our allies and deprive us of European support for our post-Afghanistan efforts."

"These Soviet accusations," he continued, "ring hollow in view of their own doctrine." He added, "I do not believe they genuinely regard this evolution in our nuclear strategy as a move to a first-strike, warfighting doctrine."

Mr. Brown told the committee that the new policy did not assume that the United States could win a nuclear war. But he said that Mr. Carter's directive did take into account Soviet military literature that was described as suggesting that Moscow could triumph in a nuclear conflict.

According to Mr. Brown, Marshall Nikolai Ogarkov, chief of staff of the Soviet armed forces, wrote in last year's edition of the Soviet Military Encyclopedia that "Soviet military strategy proceeds from the fact that, if a nuclear war is fought on the Soviet Union, then the Soviet people and their armed forces must be ready for the most severe and prolonged trials. In this case, the Soviet Union and the fraternal Socialist states have objective possibilities for achieving victory."

Guatemalan Judge Slain

GUATEMALA CITY — A motorcycle passenger firing a machine gun killed a judge, Hector Augusto Valdez, 53, as he drove his car Tuesday near his home, police said.

President Would Have to Approve Chemicals' Production

Congress, Rebuffing Pentagon, Backs Nerve Gas Plant

By Robert C. Toth

WASHINGTON — Brushing aside Pentagon objections that the action was premature, the Senate has voted 52 to 38 to start building a chemical warfare facility that could begin producing nerve gas and other poisonous weapons as early as 1984. No chemical weapons have been made in the United States since 1969.

The House had overwhelmingly approved the same \$3.15-billion funding measure last month by voice vote, so the Senate action Tuesday marked full congressional approval for the controversial, much-delayed project.

The president would have to certify that chemical weapons would be essential to national security before any of the new generation of so-called binary chemical arms could be produced.

Deferral Defeated

Led by Sen. Gary Hart, D-Colo., the opponents offered a crippling amendment that would have deferred the project for at least a year, pending another administration review. The amendment was narrowly beaten, 47 to 46.

Supporters of the measure, sponsored by Sen. Henry Jackson, D-Wash., focused on the Soviet chemical arms capability, citing the reported use of tear gas and incapacitating gases by Soviet troops in Afghanistan, as well as Vietnam's use of chemical agents in Laos and Cambodia.

Sen. Jackson recalled the anthrax outbreak at the Soviet city of Sverdlovsk last year, which is strongly suspected to have been caused by an accidental release of biological weapons stockpiled or being produced despite a 1975 ban on such germ weapons.

The deteriorating U.S. arsenal of chemical weapons does not offer an adequate deterrent to the Russians, who have 35 times more chemical warfare units in their armed forces than does the United States, Sen. Jackson said in pushing the legislation.

He complained that "not one line" of the chemical weapons limitation treaty has been written, despite four years of talks.

European Consultations

Sen. Hart said that European allies on whose soil such weapons would be stockpiled have not been consulted, "and a unilateral decision by the United States [to again produce chemical arms] could jeopardize the U.S. desire to develop theater nuclear weapons in Europe."

The measure provides that the binary weapons would be manufactured at the Army's Pine Bluff, Ark., arsenal. These weapons, whether an artillery shell or bomb, would consist of two separate and relatively harmless substances that mix together only after the weapon is fired, forming the poisonous gas or liquid.

Secretary of Defense Harold Brown has called the Jackson measure "premature," and Secretary of

State Edmund Muskie has also opposed the measure at this time.

Although the technology has been known since 1955, the Pentagon has regularly deferred financing the chemical weapons. In 1969, the United States unilaterally said that it would destroy all biological weapon stocks and stop making chemical arms. The Russians announced a similar policy in 1971, and both nations have promised since 1974 to work for an agreement limiting or banning chemical weapons.

Vote Reflects Concern Over Readiness

House Approves Huge Military Spending

By Richard Halloran

WASHINGTON — The House has approved a huge military appropriations bill that reflected increasing congressional concern over the readiness of the nation's armed forces.

The vote Tuesday night was 351 to 42 on the \$157.5-billion measure, which provides funds for the Pentagon in the coming fiscal year. It marks the first time in more than 10 years that the House has added to the level of military funding proposed by the White House.

Moreover, the bill not only contained everything that the House Appropriations Committee recommended but also included several additions proposed from the floor. The bill now goes to the Senate.

The debate Monday and Tuesday was notable for the absence of opposition even though the measure would increase military spending by \$19 billion during the fiscal year that ends Sept. 30, and by \$2.5 billion over that proposed by President Carter.

The only dissent heard on the floor was from members who contended that the increase was not large enough. That dissent was led by Rep. Jack Edwards of Alabama, the senior Republican member of the House Appropriations Committee's subcommittee on defense.

"I believe that we could have added \$10 to \$15 billion just to meet some very pressing needs," Rep. Edwards said. "But the additional budget authority was simply not available to do it. Unfortunately, defense planning is being driven by dollars and not actual needs."

Rep. Jack Kemp, R-N.Y., a leader in writing a strong military budget into the Republican platform, took a similar stand. "The committee's disinclination to take the threat to U.S. strategic forces seriously," he said, "is paralleled by its unwillingness to cope with the central problem of deterring conventional conflict: the lack of preparedness of U.S. general purpose forces."

But Rep. Joseph Addabbo, D-N.Y., chairman of the defense subcommittee, contended that the proposed appropriations were more than adequate. "Those who would have our people believe that we have been doing nothing while the Russians have been running

very fast are wrong," he said. "While we agree that the Russians have been running very fast, so have we, and we have a very substantial and credible military force today which, if called upon, could carry out our national will."

The House voted to restore \$100 million for recruiting new people into the armed forces, bringing the total appropriated to \$1.05 billion. The committee had cut the proposed appropriation, citing examples of waste.

But many members argued that it would be foolish to cut the recruiting budget when the armed forces last year failed to meet their recruiting goals, and would have trouble in the future despite a reasonably good year in 1980.

In other action, the House added a total of \$72 million to research and development budgets and turned back amendments to delay research on the new MX mobile missile and to prevent expenditures for a plant that would manufacture binary chemical weapons.

Rep. Toby Moffett, D-Conn., offered the amendment to strike \$19 million to build a chemical weapons plant. "We're on the road to a \$2 to \$3 billion venture," he asserted. "I plead with you to stop back."

The only amendment for more spending that was rejected was one to spend an additional \$4.2 million to develop small arms. Rep. Addabbo maintained that the \$10.3 million that the bill provided for

the development of small arms was sufficient.

The House also voted to authorize the Department of Defense to spend more military dollars in areas of high unemployment, even if the prices there were higher than elsewhere. The measure includes \$51.8 billion to operate and maintain the armed forces, \$44.2 billion to procure new weapons and equipment, \$32.2 billion for military personnel and \$14.9 billion for research and development.

Arrest Reported Of Soviet Activist

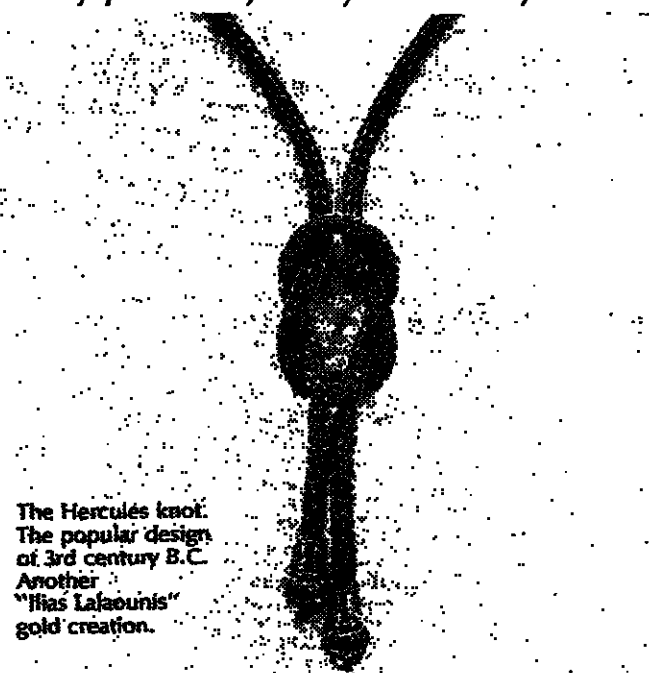
The Associated Press

MOSCOW — Irina Grivina, an activist in an underground Moscow group concerned with alleged psychiatric repression against dissidents, was taken from her home by police on Tuesday and believed, under arrest, dissident sources reported.

The possible charges against her were unknown. In March, the sources said, she became a member of the underground dissident panel, which specializes in investigating alleged cases of the confinement of dissidents in psychiatric hospitals.

The sources said that Mrs. Grivina's home was searched Friday by police. She has a 7-year-old daughter.

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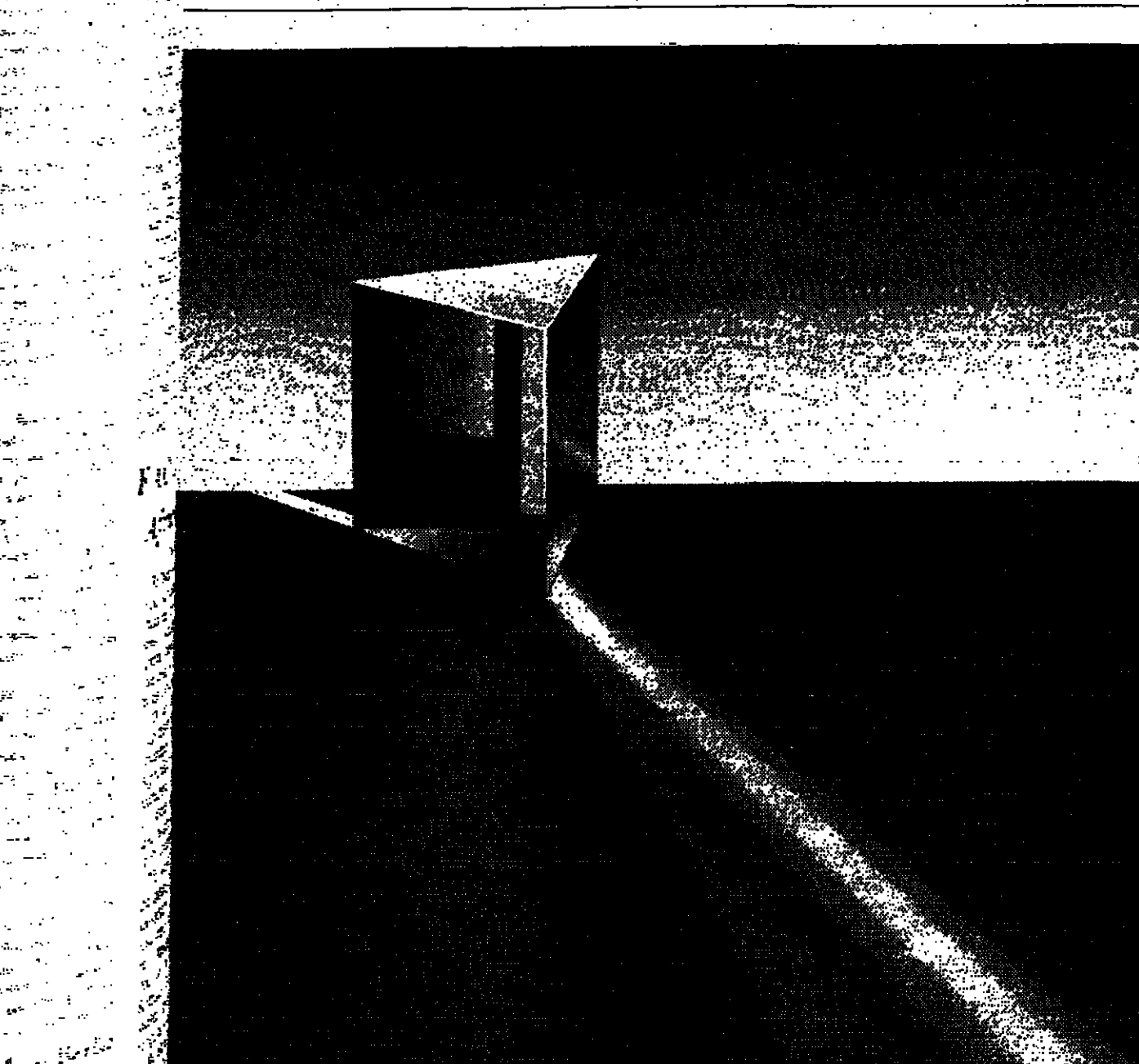
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Theater in London

O'Toole Affair: Shakespearean Fiasco Breeds Ticket Queues

By Sheridan Morley
International Herald Tribune

DON — I have thus far spared you precise details of the O'Toole Affair. Briefly, the story so far: Two ago, at the Old Vic, former home of Britain's National Theatre and scene of most major London Shakespeare triumphs since the turn of the century, Peter O'Toole as Macbeth in a production that is probably the worst Shakespearean disaster since the burning of the Globe.

Donner had the first night curtain fall — leaving a mess with that summed, open-mouthed, shell-like look best captured by Mel Brooks' shots of the "Springtime for Hitler" in "The Producers" — the artistic director of the Old Vic, Timothy West, an actor (though not in this production) leaped into the audience to complain the production taking in his stage.

Donner had the reviews hit the streets, all proclaiming a damnation of O'Toole, director Bryan and the entire cast and production, then queues to form outside the Vic the like of which had not been there since the heyday of Olivier's Othello 15 ago. It is now impossible to get a ticket to the Macbeth before November, and the production is being daily public in most newspaper correspondents, to which readers write comparing notes on the fullness of this production and debating whether it is then one in Scotland a century ago during which rain jammed and only feet were visible throughout night.

First lesson from all this would appear to be that success is quite like a disaster. Precisely why there be this widespread determination to watch

O'Toole, a likable and talented film star in the 1960s, make a nightly fool of himself is unclear, though there is now undoubtedly a great deal of public sympathy for him.

True, from the moment in rehearsal when director Forbes — a filmmaker with even less Shakespearean experience than O'Toole and a man here making his directing debut in the live theatre — announced that the porter scene had been written by Shakespeare only "so as to give the leading actor a chance to change his knickers and have a drink," there have been certain doubts about his qualifications for the job. When, then, on the first night the three witches came on looking like long-lost refugees from a 1930s Hollywood charm school, and when O'Toole's first entrance as Macbeth was bathed in the amber lighting once reserved by MGM for underwater shots of Esther Williams, those doubts were not unnaturally confirmed.

O'Toole plays like a Victorian actor-manager who has found himself in the wrong play and the wrong town on the wrong night without quite enough actors in his company; those that are there leave a reverent space of about 20 feet on all sides of him, as if they are acting in the presence of royalty and haven't yet been told when to back respectfully away. O'Toole meanwhile gives an archly mannered and oddly dehydrated performance, as if he has been dried out of everything, including an understanding of the words, and each scene seems to start with a pause, as if waiting for an invisible camera to roll.

Natally dressed in jogging sneakers and several yards of curtain material, O'Toole remains commendably untouched by the stunning inadequacy not only of his own performance but also of those all around him; it is as though he, rather than Lady Macbeth, is in the sleepwalking scene and as though the scene extends the entire length of the play.

But however awful this performance is — and awful, it is — that does not explain or forgive the action of the Vic management in disowning it. They have for several months been selling tickets on the O'Toole name in an effort to keep the Old Vic afloat, and it ill behooves them to bite the hand that has fed them that kind of money, even if the hand does appear temporarily to have lost its grip.

It would be well to recall first that O'Toole was, back in about 1960, one of the most exciting Shakespearean actors this country had, and second that no actor is likely to survive the kind of tacky shambles into which O'Toole has now been placed. The Vic's managerial reply to that is to reiterate that O'Toole had total casting and production control — to which the only answer is that he should not have, and need not have, been given such control. Not only will many other stars and directors now think twice about working for an administration that reviews its own output more rapidly and savagely than the local press, but this also makes utter nonsense of the widely publicized claim that O'Toole and West are somehow working together to save the Vic.

The problem is not just that an aging film star eager to clamber back into a theatrical lifeboat has been allowed to take the entire ship's crew down with him; the problem is that the Vic itself has now become a laughingstock. Maybe, when the queues have finally departed, they should turn a once proud old playhouse into a permanent theater museum, where future generations could perhaps learn from the mistakes of the past, one of which, of course, has been this production.

Meanwhile, the advertised shows must go on, and West is about to take to the Old Vic stage in a production of "The Merchant of Venice"; it will be interesting to see whether O'Toole manages to refrain from having his turn as a reviewer.

Films in Paris

Truffaut Captures France Occupation

By Thomas Quinn Curtiss
International Herald Tribune

PARIS — The Parisian theater under the occupation seems to have emitted a phosphorescent glow in the surrounding darkness. It attained a grandeur and glamour that had irresistible lure. There were full houses every night, though it was obligatory to catch the last metro or risk arrest under the stringent curfew regulations. It was a perilous adventure to go to the theater, but who wanted to stay home?

Francis Truffaut was a child in those days, but he has studied that nightmare chapter in French history and in "Le Dernier Metro" (at the Elysees Lincoln, Le Paris, the Hauteville and others) would evoke the feverish tempo of those grim years, so bleak and wretched in everyday existence and so radiant within the proscenium arch.

He has borrowed real events to illustrate the resiliency of theater folk with their "show must go on" creed. When a black-out occurred, auto headlights were employed to illuminate the boards of the Michodiere. This is remembered in Truffaut's film, as is the time that Jean Marais, stung by an insulting review from a highly placed pro-Nazi journalist, waylaid and beat the writer.



Gerard Depardieu, Catherine Deneuve in "Le Dernier Metro."

Truffaut's villain is a composite portrait of two critics on the staff of the virulently anti-Semitic newspaper Je Suis Partout. The first, Alain Laubreaux, the recipient of Marais' correction, hoped to seize the directorship of the Comedie-Francaise. The second, Robert Brasillach, a gifted poet and an admirer of Hitler, was executed for treason after the liberation. The combination of the two constitutes a singularly repulsive monster.

The setting suggests with chilling persuasion the constant fear that stalks the stalls and behind the scenes. Self-appointed informers were so numerous the Nazi authorities came to doubt the veracity of their reports, most of the denunciations being born of a thirst for revenge.

The intent is to reflect the desperate era in the mirrors of theaterland and not to picture it broadly as in Marcel Ophuls' "The Sorrows and the Pity." Nestor Almendros' ingenious color photography provides with its subtle shadings and tones the contrast between daily life and the make-believe of the stage.

The screenplay, by Truffaut and Suzanne Schiffman, is a commonplace triangle melodrama. A German refugee impresario has married a French actress and runs a Parisian playhouse. After the invasion of the Nazis he disappears and is believed to have fled abroad. Actually he is in hiding in the cellar of his theater, advising his wife on the choice of plays and their casting and engineering the staging. A rising actor joins the company, falls in love with the wife, and beats up the pro-Nazi critic, causing a scandal that could bring about everyone's arrest.

The stylized re-creation of the period has abiding fascination, but Truffaut's management of the script is disappointingly standardized, lacking the relative ingenuity he customarily shows. Catherine Deneuve is as ornamental as ever, though badly miscast. The role of the distressed leading lady calls for far greater versatility and fire, and her performance would be more appropriate in a spectacle on ice. She is at a further disadvantage in the play-with-the-play, posing as a superlative star of the stage.

Gerard Depardieu as the roughneck thespian recruited from the Grand Guignol fits his assignment neatly; Jean Poiret is amusing as a fix-it theater manager, as is Maurice Risch as the regisseur. Andrea Ferreol makes the most of her part as a man-hating member of the troupe, and Sabine Haudepin has a good scene or two as an opportunistic ingenue. Heinz Bennent is the director in hiding and Jean-Louis Richard registers strongly as the Nazi-minded journalist.

May Set Auction Record

Illustrated Leonardo da Vinci Manuscript to Be Sold in December

By Ed Blanche
The Associated Press

LONDON — A lavishly illustrated manuscript by Leonardo da Vinci will be auctioned in December, and speculation already begun that it is worth as much as \$6 million (\$4 million).

It would make the 36-page written in Italy in about 1500 one of the most expensive art objects ever auctioned. The scientific and historical document is "On the Nature, Weight and Volume of Water," Christian house, noting that it is "divided" to handle the 11 da Vinci is expected to be the hammer Dec. 12.

It is certain to provoke in the art world. British art dealers say the manuscript — a collection of notes and drawings in ink and chalk — will likely be one of the wealthy U.S. museum collectors that for the years have been taking a

steady stream of major works out of Britain.

Arts Minister Norman St. John Stevas said he would fight to keep the manuscript in Britain. He said he would try to persuade the owners to make a private sale instead of auctioning off the work. The Guardian newspaper said he might delay issuing an export licence for the manuscript if it goes to a foreign buyer, so that a nationwide public collection could be made to try to match the price — a tactic that British governments have used in the past to prevent major art treasures from leaving the country.

The National Heritage Fund, set up by Prime Minister Margaret Thatcher's Conservative government last year in a bid to stem the cultural exodus, has about £13 mil-

lion in its reserve. But art world sources noted that paying \$5 million or \$6 million for the Vinci manuscript would leave the fund in poor shape to contest the sale of other major British-owned works in the future.

Great numbers of British art treasures have been auctioned in recent years as aristocrats, fallen upon increasingly hard times and harsh taxes, sell off collections.

The da Vinci manuscript, known as the Codex Leicester, has been sent to Christie's for sale by the trustees of estate of the fifth Earl of Leicester, who died four years ago. The document, the only known privately owned Leonardo manuscript, has been at Holkham Hall, the Leicester family seat in rural Norfolk, since it was acquired by the family in 1717.

The manuscript shows da Vinci's genius on a wide range of scientific problems, including the oceans, the moon, the movement of waves and the Great Flood of the Bible. The document also contains a notation that the writer will not describe his method of staying underwater, presumably some form of submarine, because of the "evil nature of men."

British art conservationists fear that U.S. buyers will fight for the da Vinci, inflating the price far beyond the reach of British institutions. Art dealers say the biggest danger is the J. Paul Getty Museum of Malibu, Calif., the richest in the world with \$50 million a year to spend — three times the amount spent by all British museums in 1979.

Another high bidder could be Pittsburgh-born multimillionaire

Paul Mellon, 73, whose collection of British art treasures already includes 100 Constables, 70 Turner, 41 Gainsboroughs and 42 Hogarths. Mellon has given Yale University a superb collection of British works — 1,800 paintings, 7,000 drawings, 5,000 prints and 16,000 rare books.

Despite the drain, experts estimate that Britain's art wealth is still worth £3 billion.

Fossil Bird Is Largest Known

WASHINGTON — Scientists in Argentina have discovered the remains of a bird the size of a small airplane — a creature that stretched its wings 25 feet while in flight.

The discovery of the fossilized bones, announced this week by the National Geographic Society, has been confirmed by the Natural History Museum of Los Angeles County. The bird measured 11 feet from beak to tail and weighed 160 to 170 pounds.

"This makes it the world's largest known flying bird," said Kenneth Campbell, curator of vertebrate paleontology at the museum. He said the biggest flying bird today is the Andean condor, which has a 10-foot wingspan and weighs about 35 pounds.

Boston Hotel Marks 125th Anniversary

BOSTON — America's oldest continuously operated hotel, the Parker House, celebrated its 125th birthday Wednesday with festivities including a parade, plaque dedication, exhibit and reception.

Special guests included Monica and Cedric Dickens, great-grandchildren of the famous English novelist Charles Dickens who made the Parker House his home during his 1867 trip to America.

Oberammergau

Next Passion Play in 1984

OBERAMMERGAU, West Germany — This Bavarian town will break with tradition and stage its famous passion play in 1984 to celebrate the 350th anniversary of the first performance, Mayor Ernst Zwink announced Wednesday.

The play, in which local residents enact the events of Holy Week and the crucifixion of Jesus, is usually presented the first year of each decade. The town council voted 16 to 1 for the 1984 presentation.

This year's summer run, which ends Sept. 28, has attracted about 500,000 people, officials said. The valley in which the town is located earns an estimated \$25 million each year the play is presented.

Performances in this century have been the subject of controversy. American Jewish leaders labeled the 1980 version a "nightmare of anti-Semitism" and said recent changes in the text were not sufficient to correct the problem.

In the 17th century, according to tradition, residents of the Ammer Valley vowed to enact the drama every 10 years after being spared by the plague. The first play was presented in 1634.

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Defection in Kabul

There is at least one set of circumstances under which President Carter should not consider giving asylum to the Soviet soldier who has taken refuge inside the U.S. Embassy in Kabul. That is if there is reason to believe that he is an agent provocateur whose mission is to shut down the embassy or something similar. That's undoubtedly a rough judgment to make, but as the president said at the Democratic convention, no easy ones reach his desk. This one should, once a way is figured out to get a Russian-speaking U.S. diplomat into Kabul to interview the defector.

If the defection seems legitimate, the Soviet demand for the soldier's return should be rejected, even though it is possible that Moscow will instruct its Afghan proxies to invade the embassy, where 14 U.S. diplomats remain. Any display of weakness, vacillation or bending of principle in this kind of situation will encourage the Kremlin leaders to believe that in a hard-eyed confrontation the United States will usually blink first.

The embassy should be prepared for the worst, by evacuation or whatever other means are available, and the Soviet Union should be told with the utmost clarity that the defector will not be returned unless he says he wants to be. A repetition of the

shameful incident 10 years ago in which Soviet merchant seaman Simas Kudirka was dragged off the deck of a U.S. Coast Guard cutter by Soviet authorities would add to the growing perception that the United States is losing its nerve.

The meeting between Secretary of State Edmund Muskie and Soviet Foreign Minister Andrei Gromyko scheduled for Sept. 25 should not be used as an excuse for dealing with the defector in a dishonorable way. The situation is in no way as grave as the U-2 incident of May Day 1960, in which U.S. spy pilot Francis Gary Powers was shot down over the Soviet Union, torpedoing a summit meeting between President Eisenhower and Soviet leader Nikita Khrushchev and sending a severe chill through U.S.-Soviet relations. The Muskie-Gromyko meeting is important, especially since arms control is at the top of the agenda, but no useful purpose would be served by the United States going into those talks with its tail between its legs. If the Soviet Union chooses to cancel the foreign minister's meeting, as it did the 1960 summit, that would be unfortunate. But less so than if the United States went into it having compromised its principles and damaged its negotiating position at the same time.

INTERNATIONAL HERALD TRIBUNE

Heal Thy Competition

The probability of import restrictions in the United States on foreign cars seems to be fading rapidly. That's fortunate. Far from providing an interval enabling U.S. companies to catch up, it would reduce the pressure on them to change. It would invite procrastination in the expensive and difficult transition through which they are now passing.

The latest setback to the protectionist cause is a preliminary study written by the staff of the federal International Trade Commission. The ITC has the job of weighing the industry's claims that it is being injured by foreign competition — claims pressed, in this instance, by the United Automobile Workers and the Ford Motor Co. It's quite true that sales of imports have gone up while sales of U.S. cars have gone down. But not so fast. The ITC's staff points out that the sales of all small cars have been rising — domestic as well as imported. The drop is wholly in the sales of the large cars. Meanwhile, the entire market for cars has been depressed by the recession, which has very little to do with the question of imports.

It's also true, as the UAW argues, that employment in the U.S. auto plants is down. The ITC staff study observes that average compensation for labor in those plants went merrily up 9.4 percent a year through the late 1970s, while productivity — the number of hours of labor to produce a car — remained flat. Here the figures show the same pattern as in steel, another industry bellowing for protection from imports. When companies keep giving wage increases with no relation

to productivity, and no regard to loss of competitive strength, is there a public responsibility to protect them from the consequences at the consumers' expense?

If they can keep their costs under control and raise productivity, the U.S. automobile manufacturers' troubles are likely to prove temporary. Both Ford and Chrysler are now putting their next generations of small, high-mileage cars into their showrooms. Another family of small General Motors cars will arrive next spring. Constraints on supplies of small domestic cars are already easing, and the U.S. industry is now about to get help from an unexpected source.

For years the manufacturers have complained bitterly about the safety regulations imposed upon them by the Department of Transportation and its National Highway Transportation Safety Agency. The NHTSA has been publishing, in installments, the results of its extensive crash tests. It is rapidly working toward a complete system of safety ratings for every car model, domestic and foreign, by size and weight, similar to the gasoline mileage ratings that the government already publishes. While the imports have usually excelled in fuel efficiency, the domestic cars in general seem to be winning significantly higher scores in safety. These safety ratings will force the manufacturers — and not only the Americans — to compete in raising their customers' chances of surviving serious collisions. That's competition at its fairest and healthiest.

THE WASHINGTON POST

Report on U.S. Riots

Although there has not been a major race riot in the United States since the 1960s, this summer began with widespread fear of epidemic rioting. The fear was prompted by riots in the Liberty City section of Miami in the late spring. During the summer, it was sustained by smaller outbreaks of trouble in Chattanooga, Tenn., and a few other places. Late in the season there was a tense situation, verging on violence, in Philadelphia after a black teen-ager had been shot by a policeman.

As the summer comes to an end, two groups have focused attention on the causes of riots and on prescriptions for preventing them. One group, the Grassroots Network, has issued a report warning that the people who will take part in the disturbances today are different from those who did so in the past. And they will take part for different reasons. The Network's report identified today's rioters as young people, some of whom are not yet teen-agers. The reason the young people will riot, according to the Network, is not frustration with racism — as was the banner in riots years ago — but rather an extension of anger over other things. The rioters could be prompted to action, according to the report, by an arrest that involves many policemen and draws a large crowd, by a badly run bus system that leaves a crowd to walk home or by cutbacks in public services, such as recreation centers, without discussions between politicians and the people who live in depressed areas.

The Grassroots organization, which includes black, Puerto Rican and Mexican neighborhood groups from 16 cities and the National Black Policemen's Association, said in its report that people who live and work in

areas where riots can occur are almost never consulted by planners in the cities or by the federal government in the crafting of programs to prevent riots. The report is critical of many existing government programs for poor people and young people. It says that these programs generally serve only to get money into the hands of bureaucrats and policy-makers but fail to get money or services to the poor themselves.

Evidence available from the riots that did occur this summer indicates that the Grassroots group is right about the young age of today's rioters. They appear to be children and teens who are alienated from society — from schools and businesses as well as families — and who have lost all dreams of being an American success. What can be done? Bringing these young people back into society's fold is the key. To give them some justified feeling of being an important part of the society they live in, it will be necessary to improve schools in urban areas, to maintain public services such as recreation centers and libraries, despite the financial problems of cities, and to make jobs available that teach skills to young people and offer them some sense of future. These goals are easy to set out; but, as years of social programs can attest, they are hard to achieve.

Nevertheless, not working toward such goals leaves open only one option: waiting for a summer explosion of anger by alienated minority youth. By approving the president's Youth Employment Bill and getting added money to social programs for poor youth, the federal government can at least reaffirm its commitment to those young people who feel so left out.

THE WASHINGTON POST

In the International Edition

Seventy-Five Years Ago

September 18, 1905

TOKYO — It is uncommonly difficult to get an opinion as to the possible cause of the destruction of Admiral Togo's flagship, the Mikasa. Was the ship destroyed by fire? The Mikasa had but recently been set free from active war service, when everything combustible in its construction must have been torn out. Was the ship destroyed by an explosion of its magazines owing to the fire? At the time when the accident took place, at 1 a.m., the magazines are closed as tightly as possible. To admit the magazines were open is to admit that discipline aboard Admiral Togo's flagship was lax — incredible given the showing of the Japanese Navy during the war.

Fifty Years Ago

September 18, 1930

ELIZABETH, N.J. — In what many consider the boldest exhibition of lawlessness in the history of prohibition, 25 heavily armed gunmen seized an entire brewery here tonight after driving out a corps of prohibition agents, who raided the brewery early tonight. Once in possession, they proceeded to destroy the beer, removing the bungs from the vats and allowing 200,000 gallons of the malt to waste away in a flood down a street. The word swept through town and gunmen moved on the brewery, thrusting machine guns into the faces of the federal agents. The federal agents, returning with reserves, finally put the gunmen to flight and retook the brewery.



On Use of Force in Third World

By Jonathan Power

STRESA, Italy — "The prospects in the Third World are for increased turbulence and instability. The basic reason is simple: the relative decline of American [military] power." This was James Schlesinger, the former U.S. secretary of defense and secretary of energy, speaking to a broad group of influential policy-makers as one could find under one roof.

He was addressing, last week-end, the opening sessions here of the annual conference of the International Institute for Strategic Studies. During the next three days, one after another, the participants, who did not speak for attribution, painted a picture of crumbling Western influence and aggressive Soviet military activity.

The Russians, said one, have done in 30 years what the British did in 300. The Russians, it was argued, are pushing out their military tentacles, establishing a base in one country, communications facilities in another and a water stop in another. In time of war these would not be easily defensible, but in peacetime they give an impression of overriding strength and reach.

Voices

The answer, they said, is to toughen the West's military posture in the Third World. Washington must have the ability to place U.S. forces in the Soviet line of vision, wherever they chose to go. In the main, these were U.S. voices, although some West Europeans spoke similarly. Conversely, the few voices of dissent were primarily European with only an occasional American speaking up.

It was as if, by some light of fancy, we were back in the 1950s, before the Bay of Pigs, before the U.S. invasion of the Dominican Republic, before Vietnam. Indeed, none of these pieces of history was mentioned or analyzed. It was forgotten how much unnecessary bitterness was created when Washington drove Nehru's India out into the cold because John Foster Dulles could not live with neutralism and nonalignment. It was forgotten, too, how Washington, so aggressive was its containment doctrine, deposited a nationalist government in Iran — a type it would now view with favor — and installed the Shah.

The obsession with Soviet power in the Third World has been with us before. It is not so much Soviet power that has changed, although it has, it is the U.S. mood. For too brief a period after Vietnam, a lesson was learned: that military force has its limits in situations where the lines of interest are not clear-cut. Somehow, Iran, Afghanistan and the incoherence of the

Carter administration have unsettled that hard-won wisdom. A new cycle of interventionism seems set to begin.

Even recent history is overlooked. Zimbabwe would never have come out the way it has if the "neo-interventionists" had been listened to. So preoccupied were they by the guerrilla movements' Marxist rhetoric and Communist guns that they argued for an "external settlement" which, with the help of Western arms supplies, would have entrenched white power behind a black facade, deepened the war, brought the Cubans in, and alienated the rest of black Africa. Fortunately, they did not get their way. And now, legitimately in power are the former "terrorists," "Marxists," who won't even allow the Soviet Union to have an embassy in Salisbury.

When the "neo-interventionists" do get their way, and increasingly they have the ear of President Carter — they put the United States in corners it will be difficult to get out of.

Earlier in the year, in an attempt to cultivate the friendship of King Hassan II, the administration decided to allow Morocco to use U.S. arms for offensive purposes in its war in the Western Sahara. Yet a majority of Western nations and the International Court of Justice are of the opinion that the Western Sahara does not belong to Morocco. What U.S. interests are served by ignoring Europe, alienating Algeria and diluting a long-standing bipartisan policy on arms sales?

Arms to Somalia

Again, the recent decision to sell arms to Somalia in return for base rights will align the United States with one of the most expansionist nations in Africa. What is the point of having a more plausible "trip wire" in the Gulf if the price to be paid is a fudging of the traditional U.S. commitment to internationally recognized boundaries?

Turning the page, there is little evidence to suggest that the increase in Soviet military power has brought them any lasting benefits. Over the last decade, the Russians have lost favor in more countries than in which they have gained — China, Egypt, Guinea, Ghana, Mali, Zanzibar, Nigeria, Peru, Somalia, Zimbabwe, to mention some. Every heavy-footed step in Afghanistan and Ethiopia discursively alienates the neighborhood.

The West, in fact, has never been so potent. More and more, Third World nations are looking to it, because its advantages are so manifest. It is the major market. It controls the main sources of finance. It has institutions that function credibly. It stands for val-

ues, such as human rights, that are increasingly accepted.

The creative, imaginative, responsive force in the world today is not anything that comes out of Moscow, but what goes on in the vital organs in the Western world — in its universities, serious newspapers, banks, industries, voluntary organizations, and often enough, in some of its government departments.

To go back to containment is merely another way of saying that the West, like the Soviet Union, has nothing to offer but military strength. It failed last time. It would fail again.

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Beyond the Campaign

By James Reston

WASHINGTON — In the last few presidential election campaigns, both sides have recognized that there were one or two subjects that were too sensitive to be embroiled in partisan political argument.

For example, in the election of 1944, at the end of World War II, Franklin Roosevelt and Thomas Dewey agreed to avoid the political arguments that led to the defeat of the League of Nations at the end of World War I.

Accordingly, and with the help of John Foster Dulles and the Republican Party, despite the violent opposition to Roosevelt's fourth term, both parties cooperated in the formation of the United Nations, and it was a Republican senator — Arthur Vandenberg of Michigan — who helped assure ratification of the UN Treaty in the Senate of the United States.

Delicate Point

No such sensible restraint is being shown in this campaign about the tragedy of the U.S. hostages in Iran. The negotiations for their liberation are now at a most delicate point, yet both sides are blowing off at political rallies about the issue when it is clearly in the national interest and in the interest of the hostages that they should both shut up.

After the Ayatollah Ruhollah Khomeini issued a statement in Iran indicating that the hostages might be released by the parliament in Tehran if the United States agreed to release frozen Iranian assets, return the late Shah's wealth, cancel claims against Iran, and promise not to intervene in Iran's domestic affairs, the Carter administration reacted with extreme caution.

But when President Carter and Ronald Reagan were out on the political hustings, Mr. Reagan indicated that he would be inclined to agree with three of the ayatollah's demands but that the return of the Shah's wealth was a matter for the United States courts.

Meanwhile, Mr. Carter, campaigning in Texas, suggested that

maybe the Iranians were getting ready to release the hostages. "They're making statements in Iran that may very well lead to a resolution of this problem in the future," he said in a slip at Mr. Reagan he added: "The last thing any political candidate ought to do, including an incumbent president, is to get into negotiations with the Iranian authorities through public statements or through the news media." This, of course, was precisely what the president was doing.

Muskie's Role

Secretary of State Edmund Muskie, not knowing what Mr. Carter had been saying, rejected the president's initial optimistic interpretation of the Iranian statements, and even remarked about Mr. Reagan's statement: "I don't find it unhelpful."

The point of all this is not that either Mr. Carter or Mr. Reagan were thinking of playing politics with the hostage problem, but that they were not thinking at all. Mr. Muskie was dealing with the facts and sounding presidential; Mr. Carter was dealing with the politics, without considering the consequences.

What is interesting about all this is what has happened to the system of briefing presidential candidates on sensitive issues during presidential campaigns. Ever since that agreement between Roosevelt and Dewey in 1944, it has been standard procedure for the administration in power to invite the opposition presidential candidate for intelligence reports on critical matters that may come up during the campaign.

Too Important

Zbigniew Brzezinski, the president's national security adviser, says that he personally talked to both Mr. Reagan and George Bush, the Republican vice presidential nominee, and offered to arrange intelligence briefings on such sensitive issues but he says that they never picked up his offer.

This does not quite deal with the problem, however. It is too important.

standing. This would better world and more occasions for themselves. "We just I understand how strongly States feels about this."

Smooth Relations

Professional diplomats are inclined to see good relations with a nation, generally at the expense of friction in national system. So, it is not surprising that they need political leadership to supply nationalistic in diplomatic corps usual that regard, De Gaulle.

In 1958, he returned a nation not yet recovered from the calamity and located nearby to the issue of Algeria. Mr. Gaullist, writes: "I taught us — or reveal that the attitude with approaches a difficulty port than the actual a people's will is more than its present. On That the collective on needs to distinguish, a half-light of history, points, a few simple n that this clarity and must have a galvanic p leads to the power c, scendence."

Mr. Gaullist argues France's insistence on France's right to the at tures of grandeur war practical. Foreign poli which highlighted com clusive social membe came, under De Gaulle to many nations, in United States.

Assure

But it was "in the I way of uniting the French objectives, and it was n that the attempt was ; It was also a way of : face of France more other nations, and com making the French use their own existence, t through other people's."

Mr. Gaullist uses the "ple" and "simplicity" — to praise — aspects des adopted by car : complex men after of this century. Consic next time Jimmy Carz phisticate, who says U dent's principal task government as good, ing, etc., as the Amer — exclaims that Reagan idea involves."

©1980, The Washington

ant to be left to teleph Mr. Brzezinski. It is a problem for Mr. Car with Mr. Reagan and insurmountable though i House — with John A For there are less months to go between November election. B long time at the spee going. Iran is not the o transition. There are i in China, Japan, Polan key, and what is said al the presidential candi be very important.

In addition, the Unit is convening for what p be a savage debate on i East. On the U.S. borde is in the midst of a co crisis; Mexico is becom force in the world, ex unemployed and creat Hispanic constituency in tics, to which both Mr. (Mr. Reagan are appeal.

All these development issues for the Unit over and beyond the arg the presidential campai the hostages in Iran, the understanding and cooper between the parties. Fro the election in Novem Carter clearly has an c personally to inform his opponents of the larg (that affect the national rather than playing poli their lack of knowledge : these problems.

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Race Problems Changing Britain

By William Borders
New York Times Service

LONDON — In "Sus," a harrowing one-act play that is making the rounds of fringe theaters in London, a black man is harassed and tortured in the back room of a police station by two white detectives investigating a murder of which he is wholly innocent. As the interrogation wears on toward dawn, the black suspect cries in dismay: "This is a nightmare. This doesn't happen in England."

But it does. And it has. With the harsh abruptness of a bomb thrown through a window, Britain has suddenly acquired the symptoms of a full-fledged race-relations problem, including clashes between young whites and blacks, suspicion and bitterness on all sides, official hypocrisy and deep misunderstanding.

What makes it all the more troubling for white Britons, dazed and confused by the transformation of their society, is how quickly it is happening. Within a single generation, the country has changed from being almost entirely white to being "a multiracial Britain," as the government's good-will propaganda cheerfully puts it.

Nonwhites, mostly of Commonwealth or Pakistani origin, now make up nearly 4 percent of the population of Britain. Although this may seem like a small figure by American standards, as recently as the late 1960s the proportion of nonwhites in Britain was only 2 percent. And minorities are more visible than their numbers might suggest because they tend to be concentrated in the cities rather than dispersed throughout the country.

Specter of Violence

By most statistical measures, such as housing and employment, Britain's minorities are far worse off than its white majority, but they are increasingly resented by people who see their rapid numerical rise as a threat. In addition, no one knows how many thousands of people have flooded in recently from the Middle East, bringing with them not only strange customs and languages but also the specter of violence — such as the hit-squad murders of Libyan exiles and the siege this spring at the Iranian Embassy.

Within the nonwhite community, the term "black" used to refer only to people of African and West Indian descent. But increasing numbers of Asians of Indian descent are using it to describe themselves, too. Patrick Kodikara, a native of Sri Lanka, explained: "The old-style Asians used to go along with the white British view, in which we were a couple of notches above the black people from Africa and the Caribbean. But we have come to realize that was just a divide-and-conquer tactic. We must all stand together as blacks."

Britain is a crowded place — 593 people a square mile, compared with India's 508 — and one thing that has enabled its people to live together in peace, with celebrated civility, has been their ethnic homogeneity — which is why, perhaps, they think of themselves as "an island race."

But suddenly there are hospitals in Birmingham and London in which 50 percent or 40 percent of all the babies born last year were black or Asian. There are neighborhoods and classrooms that are heavily black, and the Anglo-Saxon nature of such familiar scenes as Hyde Park and Oxford Street is more and more hidden behind a foreign facade. By American standards, none of this is very startling, but the difference is that Americans have long known that theirs is a multiracial society; the problem has been how to cope with it, how to make it work. By contrast, Britain is still in the process of recognizing that the problem exists, and many people are concerned. In a recent poll, 58 percent of the respondents said they considered "serious race riots" a likely possibility during the next 10 years.

Even Prime Minister Margaret Thatcher, in a much-quoted statement that has convinced many black Britons she is their enemy — or at least not their friend — warned that some white people felt "swamped" by immigrants. "They've seen the whole character of their neighborhood change," Mrs. Thatcher said shortly before her election as prime minister last year.

It is a measure of the gulf of misunderstanding on the subject that many British people still consider the whole phenomenon simply an immigration problem — which it was 15 or 20 years ago, but is no longer. It is true that many blacks are in Britain because, in the postwar period, employers urged them to immigrate to fill jobs that were going begging. And so they came, from Barbados to run the buses and subways; from Jamaica to work in the hospitals; from Pakistan to man the textile plants. But so-called "primary immigration" — the admission of breadwinners, as opposed to their dependents — from nonwhite countries began to be restricted sharply more than a decade ago, as the outlines of the imported racial problem began to take shape, and now it has all but stopped.

Although limited numbers of wives and children are still coming in under tight supervision, more than 40 percent of the 2 million blacks and Asians now in Britain were born there, which makes all the talk about "sending them back home" absurd. They are home. And the proportion of native-born nonwhites will certainly continue to rise steeply, as a glance at the demographic curves indicates: 58 percent of the nonwhites in Britain are under the age of 25, compared with 38 percent of the whole population.

Nevertheless, many Britons still use the term "immigrant" when they mean "black" — as shown by a recent headline about an increase in the number of "immigrant babies being born" in a Yorkshire hospital, and by the nonsensical term "second-generation immigrant," which is creeping into the language of racial

A native of Sri Lanka: ... Asians used to go along with the white British view, in which we were a couple of notches above the black people ... But we have come to realize that was just a divide-and-conquer tactic. We must all stand together as blacks.

politics. To their great irritation, blacks are often treated as if they had just arrived. David Bryan, who was born in London 23 years ago and now runs a bookstore specializing in radical and racial literature, says: "Imagine how I feel when a policeman stops me and demands to see my passport."

As in the United States, contacts with the police are a particular flash point in British race relations. Tarnishing the worldwide image of the kindly bobby, militants have formed such groups as Black People Against State Harassment to document cases of mistreatment by the police and to fight back. Their literature recounts one dreary case after another in what they say is an expanding chronicle of social alienation: A black Manchester man returning a borrowed overcoat to a friend is arrested as a possible thief and held for nine hours; two black youths set upon by a gang of white toughs in Leicester complain to the police and are themselves arrested, while the whites are let go.

In addition to police harassment, blacks are also angered by violence against them by white civilians. The incidents are isolated but occasionally vicious. "Skinheads," for example, young white toughs with closely cropped hair, like to march through Bengali neighborhoods in East London chanting racist slogans and throwing bricks and bottles through store windows. Sometimes the marches also include what the skinheads call "Paki-bashing" — random beatings of any brown-skinned person who happens to be around.

A central focus of the dispute between blacks and police is the so-called "sus" law — a 150-year-old vagrancy ordinance that police still use regularly to round up blacks and others. In quaint and archaic language, the law declares that any "suspected person or reputed thief with an intent to commit an arrestable offense ... shall be deemed a rogue and vagabond."

Use of Law

Troubled civil libertarians say that the sus law is invoked when the police do not have enough evidence for even a charge of attempted theft, not to mention theft itself. Here is an example of its application, taken from the police report of the arrest of two young blacks at a bus stop near Piccadilly Circus: One of the two suspects "seemed to pay particular attention to females in the bus queue carrying shopping bags," and the other, at one point during the surveillance, "shifted forward, extending his right arm toward the woman's shopping bag."

Although no crime was committed and, in fact, no member of the public had any idea that anything was going on, the two men were "arrested on sus," as the street argot calls it, and tried and convicted in a magistrate's court, with no recourse to jury. Each of them was fined \$100, and they could have been sen-

tenced to prison terms of up to three months. By any statistical measure, many of Britain's nonwhites are outside the English economic mainstream. Forty-one percent of the Asians in the country live at a density of two or more persons a bedroom, and so do 34 percent of the West Indians, compared with 11 percent of the general population. The number of Britain's unemployed rose by 2.5 percent last year, but for nonwhites the increase was 11 percent. As in the United States, nonwhites suffer doubly during periods of rising unemployment: At the same time that they find it even harder than usual to get a job, they are resented more vociferously by whites who themselves feel threatened by a deteriorating economy.

Last fall, announcing a change in its immigration rules regarding the entry of men to marry women already living in Britain, the government scarcely bothered to dispute allegations that a basic goal of the regulation was to let men in if their prospective wives were white, and to keep them out if they were black.

Nationality Law

Last month, the government made a move toward bringing the nationality law up to date, announcing that it planned to do away with the term "British subject," which was long applied to millions of blacks and Asians in the colonies and, later, the Commonwealth. The new law would restrict automatic British citizenship to people "who have a close personal connection with the United Kingdom," excluding even some people born there.

Unlike the United States, Britain had no pattern of institutionalized legal discrimination that needed to be undone when it finally began officially worrying about the status of blacks. There were no poll taxes to repeal or separate school systems to integrate. Despite the vigorous efforts of the government's Commission for Racial Equality, however, many blacks still see at the center of government a policy vacuum symbolized by the fact that Prime Minister Thatcher, after more than a year in office, has yet to make a major statement on race relations.

Although Britain has more than 1 million black voters, the House of Commons is entirely white, as it has been for most of this century. In the 1979 parliamentary election, candidates made more of an effort than ever before to attract ethnic voters, printing leaflets in Bengali and Urdu and appearing at rallies in Jamaican neighborhoods with reggae bands and local black leaders. But the three principal political parties fielded black candidates in only five of 635 contests, and none of these five candidates stood a serious chance of winning.

In "Sus," Barry Keeffe's play about police harassment in a black neighborhood, the brutal questioning of the black suspect takes place on the night of May 3, 1979, and the election



returns showing Margaret Thatcher's victory are a counterpoint to the interrogation. Karn, the vicious police detective, taunts the suspect, Delroy, with the Conservative victory, which he says presages a sharp shift in favor of the police.

"Tonight we're at a kind of crossroads," the detective says venomously.

"Until recently, we'd have had to have said, 'Our poor old colored friend here. What could be more natural in the world — the pressures he's under, on the very bottom rung of society's ladder? We must try to understand, poor chap.' But I sense the sands are shifting. All these bleeding-heart social workers are for the high jump. I think we might find ourselves on firmer ground, where we behave as policemen instead of crutches. Oh, I wouldn't like to be a nigger in the new England."

After a good deal more such talk, and more election returns, the policeman suddenly looks at the tortured suspect, Delroy, whose arm is now hanging limp with pain, and asks, "Are you a political man, Mr. Delroy?"

Speaking for who knows how many other black Britons in this swiftly changing society, the battered suspect answers thoughtfully, "Yesterday, I'd have said, 'No.' Today ... it begins."

Deep Conflicts Threaten Nonproliferation Pact

Review Conference
Ends Without Even
Statement of Support

By Jim Harding
and Leonard Ross

GENEVA — Geneva's Palais des Nations is the historical birthplace and cemetery of world peace. So it was the apt home for the second five-year review conference of the 1970 Treaty on the Non-Proliferation of Nuclear Weapons (NPT). The 11th meeting of the conference concluded Sept. 7 with an agreed declaration of support for the treaty.

The result will not kill the NPT. But behind current squabbling are deep conflicts that could destroy the treaty and rapidly spread the atomic race. The treaty was signed not as an aid to peace, but as a tribute to faith in civilian nuclear power. The major industrial nations used a trillion-dollar reactor industry to "clean, cheap, inexhaustible" fuel — adding the fact that the plutonium from wastes could produce thousands of nuclear weapons each year.

The NPT bargain, the weapons states said in Article IV to share peaceful atomic technology with their treaty partners who did not to manufacture nuclear weapons. The provision was written, the United States forgot its 1946 high-level decision that "peaceful" and explosive atoms are identical that inspection schemes would not work. Today nuclear power is a dying industry. In 1973, predicted world reactor capacity the year 2000 has dropped by a factor of 10.

Article IV is now a dead letter. A few developing nations want more nuclear aid, but most shy from their unequal status under the treaty.

Developing countries could save more oil at action of nuclear costs through investments in industrial efficiency, better cooking stoves, weather-proof housing, and renewable resources. Overall, only six developing nations have serious reactor programs under way.

Billions Promised

Article IV still promises billions for a technology with no sensible use, but not a penny realistic oil substitutes. Money, dignity, accurate information are the way to save the world. The best renewable technologies frequently developed in the Third World. These technologies have few sponsors. The World Bank and other aid institutions have lost no interest or expertise in energy-saving techniques.

Amulya Reddy, India's leading expert on renewable energy, compares the development of 26,000 Indian biogas plants with equivalent coal-fired fertilizer plants. The biogas plants, by contrast, produce surplus energy to meet half of India's electricity needs.

A new international bank for conservation



and renewable resources development, governed equitably by signatories and financed by both energy producers and consumers, could meet the real promise of Article IV. Based on sharing knowledge rather than "transferring" Western technology, the bank could be a model for current foreign aid programs.

The second unspoken tragedy of the Geneva meeting was its silence on NPT violations by the superpowers. Half a dozen nations either have nuclear weapons or only need a pair of pliers to build them. Israel has an atomic arsenal estimated at 9 to 20 bombs. In 1974, India used a research reactor donated by Canada for peaceful purposes to detonate a "peaceful" nuclear explosion. West Germany in the early 1970s instructed South Africa in making uranium fuel.

West Germany, the Netherlands, and Great Britain jointly own a uranium centrifuge plant. Pakistan stole the plant blueprints, then accumulated weapons parts in a worldwide shopping spree and is now building an atomic bomb. The French, supposedly embarrassed that Israeli agents blew up a reactor that France was making for Iraq, signed a new agreement prohibiting Jews from working on the replacement. This "research" reactor contains weapons-grade uranium, four times as pure as the maximum U.S. limit for legitimate research. (Shortly after the reactor arrived, France collected its first reward: a multibillion telecommunications contract granted with only token competition.)

In East Asia, both Taiwan and South Korea were finishing up bomb and missile programs in 1975 when then U.S. Secretary of State Henry Kissinger ordered these U.S. client states to wait. Meanwhile, the U.S. atomic bureaucracy continued its policy of inviting thou-

sands of nuclear technicians from both these countries to study weapons fuel and design technology at top-secret U.S. laboratories and major universities.

A scientific laboratory once associated with a major university reportedly designed A-bomb implosion devices for Taiwan. Special equipment for developing hydrogen as well as atomic weapons has been sold by companies throughout Europe and the United States. No international agreement deals with this nuclear underworld.

In South America, Brazil and Argentina are pursuing a nuclear weapons option. Argentina has two plants for extracting plutonium from reactor waste. Neither has international safeguards: One is publicly known, the other a well-guarded secret. Recently Argentina chose to buy reactor equipment from West Germany rather than Canada, despite West Germany's \$500-million higher bid. The Canadians' mistake was insisting on international inspection for all of Argentina's "peaceful" nuclear program.

Five years earlier, West Germany tried to bail out its failing domestic reactor industry with a \$16-billion nuclear power deal with Brazil. With weapons-fuel plants thrown in as a sweetener, Brazil has officially proclaimed its right to explode "peaceful" bombs.

These illustrations involve bombs for smaller nations and other proliferation threats that might not instantaneously threaten East-West peace. But they reveal a contagious laxity about the West's attitude on the nonproliferation treaty. West Germany and Japan, for example, were reluctant signers of the NPT.

In the 1954 agreement that ended Allied control of West Germany, the federal government agreed only to forego possession of nu-

clear weapons in West German territory. The country's multiple deals with Third World countries may reflect not simply desperation for exports, but a residual faith in the 1954 loophole — even though these sales violate the NPT.

Observers in Japan have recently seen precisely machined half-spheres of weapons-grade uranium. These book-ends could be assembled into a bomb between lunch and dinner.

Instead of debating energy options and treaty violations, the NPT conference remained stuck on ancient issues. If the NPT is to survive, the superpowers must make good their promise to deliver abundant, safe, reasonably priced energy to the Third World. They must abandon an export policy that has cost them billions in subsidies and hundreds of millions in documented bribes. Finally, the treaty parties must agree to specific timetables for disarmament, and a means of calling the superpower to account.

It is not easy for the weak to discipline the strong. But they can stage dramas of embarrassment, such as the case in the World Court brought against France by Australia and New Zealand, or create a special disarmament tribunal. Sometimes publicity alone changes the domestic politics of disarmament.

The NPT review conference behaved as if the clock has stopped — an insult to Geneva and a danger to the world.

Jim Harding is director of the International Project for Soft Energy Paths, a program of Friends of the Earth. Leonard Ross is a law professor at the University of California at Berkeley. They wrote this article for the International Herald Tribune.

Mexico's 'Last Frontier' Becomes a U.S. Riviera

By Alan Riding
New York Times Service

SAN LUCAS, Mexico — The modern-day colonizers from the United States — businessmen and tourists — are succeeding where 19th-century politicians and soldiers failed: They are slowly taking over Mexico's "last frontier," the desolate peninsula of mountains and desert that is Lower California.

Increasingly, the region's currency is dollars, its products are American-made, its language is English and its landowners are Americans.

Strangely, though, the Mexican government, having resisted efforts by U.S. troops and freebooters to seize the peninsula in the last century and having refused President William Howard Taft's offer to buy it in 1909, is facilitating the new colonization.

By declaring the 800-mile-long territory a duty-free zone, it has encouraged the entry of American goods, and by creating a new trust mechanism, it has enabled foreigners to circumvent a constitutional provision limiting ownership of coastal lands to Mexican citizens. Further, by building a highway down the peninsula and by opening airports at Loreto and San Jose del Cabo, the government has brought the southernmost tip of the frontier within easy access of American tourists.

The usually nationalistic government appears to be acting with unseasoned realism. With insufficient water, tiny agricultural areas, little mining and no industry, Lower California's potential for development lies in tourism. Since it is far from the main population centers, tourism can only mean Americans.

Leftists and nationalists in Mexico City are unhappy with the trend. Recently, the left-leaning weekly Proceso carried an article on what it described as an American land grab to the east of the tiny fishing village of San Lucas under the headline: "33 Kilometers of Beaches Fenced Off to Keep Out Mexicans."

Nonetheless, the government is continuing to approve trusts permitting land purchases by Americans and is spending \$50 million on a resort project in San Jose del Cabo that should supply 3,000 first-class hotel rooms and 300 villas for U.S. tourists and investors. Under the special trusts, deeds are held by Mexican banks; the owner can sell at will, but there is a 30-year limit on the trusts, after which the land must be sold to Mexican citizens.

The crowded border towns of Tijuana and Mexicali in the northern part of Lower California have always been exposed to U.S. influence. Real-estate developments for Americans, still growing fast, have long been a feature of the 16-mile coastal strip between Tijuana and Ensenada.

The breakthrough to the far south came with the opening of the peninsular highway in 1976. Suddenly, ordinary travelers in cars and trailers dared venture into the frontiersman's territory of dusty roads, endless cactus, stark mountains and occasional villages, and the real American "conquest" began.

When the tourists, many of them retired folk with time on their hands, reached the south, they were surprised to find well-established American settlements — expensive hotels catering to wealthy Americans who arrive by luxury yacht and private plane.

These first colonizers were hardly pioneers. Attracted by the extraordinary sports fishing and the isolation of the area, they were never far from home. Food was flown in from California. Yellow guests were invariably Americans and Spanish was rarely heard outside the kitchens.

The real takeover only began with the arrival of middle-income tourists, not only along the peninsular highway but also at the new international airport outside San Jose del Cabo, which is reachable directly from California and Texas.

"We've gone overnight from the donkey age to the jet age," said Juan Manuel Mancera, the Tourism Ministry's delegate in San Lucas, the population of which has quadrupled to 7,000 in three years. "It takes time to adjust, but we won't be given that time. Things are moving too fast."

Everywhere along the coast, construction is under way, with huge billboards — in English — announcing property for sale or "exclusive villas available on the Riviera of Mexico." In real-estate offices, English-speaking agents stress that most neighbors will be Americans. Some companies have opened offices in Los Angeles. Several of the new tourist complexes, confident of the continuing attraction of the area to Americans, who account for 95 percent of visitors, have left room for more hotels, and additional trailer parks are planned.

Beachfront Prices

Inevitably, land prices have begun to rock. A beachfront plot of a hectare (2.47 acres) costing \$200,000 to \$300,000. Most of the developments offer finished homes on much smaller plots for \$30,000 to \$50,000.

Work on the resort on the outskirts of San Juan del Cabo is going ahead rapidly, with the first government-built hotel due to open in mid-1981 and several others to follow soon. Part of the project involves renovating the town, providing water, drainage, light, telephones and paved streets for private villas.

The rapid development of this underpopulated area is inevitably bringing a migratory wave of Mexicans needed for construction and work in the hotels. "We have to provide services for our own people, too," explained Francisco Fernandez, who is in charge of the San Jose del Cabo project. "The population of this town will rise from 10,000 to 30,000 in the next four years."

While criticism of the American influx may be rampant in Mexico City, those working in hotels and services here seem to prefer American to Mexican tourists. "The Mexicans who come are always complaining," Mancera noted. "They complain about the fixed hours for meals, about the signs in English, about the service. Almost all the official complaints I get are from Mexicans. It's no surprise that the hotels prefer Americans."

CURRENCY RATE

BUSINESS NEWS BRIEFS

Accidental Buys Firestone's Plastics Division
The Associated Press
CINCINNATI, Ohio — Firestone Tire & Rubber, the second largest rubber company in the United States, has agreed to sell its plastics division to General Motors for about \$200 million, the companies announced today.
The division has approximately 1,100 employees and is part of Firestone's chemicals business. It is headquartered in Pottstown, Pa., and has plants in Pottstown, Baton Rouge, La.; Perryville, Md.; West Caldwell, N.J.; and Salisbury, Md.
Firestone, like other tiremakers, has had financial difficulties linked to its auto sales and competition from imports. It denied that the sale was related to its recent problems — for the nine months ended July it reported a loss of \$97.9 million, compared with earnings of \$77.8 million in the same period last year — and a spokesman said that "we made a judgment that it was in our best interests" to sell the division.

IC Offers Board Seat to Auto Workers
Associated Press-Dow Jones
LAWAUKEE — American Motors has offered the United Auto Workers union a seat on its board of directors as negotiators continued to reach agreement on a new contract for the company's 11,000 workers.
The offer came as the old contract expired at midnight Monday, some employees of the automaker's Kenosha, Wis., plant walked off their jobs, and about 500 people gathered outside the main gate for a brief rally, which was not authorized by the union.

Art Rules Out Dutch Aid to Philip Morris
The Associated Press
USSEL — The European Court of Justice ruled Wednesday that Philip Morris, the world's second-largest cigarette maker, could not get \$100 million of aid from the Dutch government to offset the costs of a plant it opened in the Netherlands three years ago.
When the company opened the \$86.2-million plant in 1977, it applied for Dutch government aid. But the Common Market Commission rejected the aid, noting the area where the plant was built was not developed, and the overall economic situation in the Netherlands was not clearly bad. In addition, Dutch exports of cigarettes exceeded imports by \$43.2 million that year.
Philip Morris had pleaded the aid would only represent 0.22 percent of its production cost. The court upheld the commission's decision.

Trustco to Fight Takeover by Campeau
United Press International
TORONTO — Royal Trustco, Canada's largest trust company, has its shareholders to vote on Tuesday to oppose a takeover by Campeau & Co. despite two court rulings that the takeover is legal.
The takeover is being fought by the Ontario Supreme Court and the U.S. District Court for the Southern District of New York, where Royal Trustco has seven banks, refused to block the takeover bid.
Royal Trustco, which has actively lobbied shareholders against the takeover, has \$351-million in assets, will appeal the court decision, company lawyers said. But they said the appeals would not stop the takeover offer for 51 percent of Royal Trustco stock. The offer expires Friday, the same day the matter is to be considered by the Ontario court.
Royal Trustco has assets of \$2.7 billion and more than \$200 million in deposits. Campeau has assets of about \$2.8 billion.

Toyota, Nissan Say Exports to U.S. Will Fall
From Agency Dispatches
TOYOTA — Toyota and Nissan, two of the largest Japanese car makers, said Wednesday that their sales to the U.S. would drop during the rest of the year.
The companies said the drop was due to the introduction of a new model and the introduction of a new model.

U.S. Embargo Cited
The statistics also showed that meat and poultry production from January through August, 1980, was 4 percent below production for the same period last year. Production in the critically important oil and natural gas industries, however, was near planned targets.
The data was published in the weekly Ekonomicheskaya Gazeta.

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U.K. Profits Lowest Ever, Report Says

Reuters
LONDON — British industry profits are at their lowest in history and firms are going out of business at the fastest rate ever recorded, the Bank of England said.
But the bank's quarterly economic review, published Wednesday, made several optimistic points.
It said prospects of reducing inflation — the top priority of the Conservative government — now appeared encouraging.
And it predicted that money growth should ease in the coming months so that harsh interest rates, which have brought heavy criticism of Prime Minister Margaret Thatcher, could be lowered.

Earnings in Britain Up 18.8% on 1979
Reuters
LONDON — Average earnings in Britain in July were 18.8 percent higher than a year ago, compared with a 21.7-percent rise in the 12 months to June, preliminary Employment Department figures show.
The index of average earnings in production industries and services rose 0.71 percent in July from June.
The index of average earnings for the entire economy, covering 21 million workers, rose to an unofficial 18.7, seasonally adjusted, from an upward-revised 18.3 in June.

Rise in Industrial Output Appears Shy of Soviet Goal
The Associated Press
MOSCOW — Soviet economic statistics published Wednesday showed industrial output rose by 3.7 percent in the first eight months of 1980 compared to the same period last year. That pace of growth appeared insufficient to meet the Kremlin's goals.
Moscow had targeted a 4.5-percent industrial production rise for this year over 1979, indicating that an end-of-the-year push would be needed if the goal were to be met.

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U.S. Protests French-Russian Steel Contract

By Axel Krause
International Herald Tribune
PARIS — The Carter administration has protested the signing of a contract worth 1.27 billion francs (\$300 million) by a French consortium to supply equipment and machinery for a steel plant in the Soviet Union.
The protest was lodged on the grounds that the contract violates Washington's understanding with France and other Western allies not to take over contracts forfeited by U.S. companies due to the administration's trade embargo after the Soviet intervention in Afghanistan.
It was not made public. But one official, who asked not to be named, said protests were conveyed to French government officials "in several places."
The contract, announced Wednesday by a five-company consortium led by the Creusot-Loire industrial group, initially was to have been awarded to Arco of the U.S. and Nippon Steel of Japan, both large steel producers.
But the Arco-Nippon negotiations were cancelled by the companies earlier this year in response to the U.S. embargo. Their joint proposal called for supplying the Russians with sophisticated steel-making technology as well as equipment and machinery, which were embargoed by Washington.
The announcement by Creusot-Loire said that the contract does not involve transfer of French technology and expertise, nor will it be a turnkey plant.
"We are extremely disappointed with the French action, since it violates the spirit and letter of the embargo on trade generally," a senior U.S. official in Washington said Wednesday.
Responding to U.S. disappointment about the contract, a senior French government official said that "after Washington's embargo was announced, the Soviets made a new proposal, scaled down from the U.S.-Japanese one... It was classic, involving no sophisticated technology."
The official added that "in this latest contract there was no substitution and, hence, no problem with Washington's embargo."
However, authoritative government sources in Washington strongly disputed this view.

U.S. Tobacco Firms May Find Profits Wheezing Soon

Associated Press-Dow Jones
NEW YORK — Smoking may be bad for the health, but it has been terrific for the financial vitality of cigarette makers.
That is basically the reason behind Wall Street's lingering affection for tobacco stocks, whose vigorous upward push in 1979 and this year has impressed investors, despite a steady slip in the public's per-capita cigarette consumption since 1963.
But there is currently some concern that although the cigarette makers have reported "above-trendline" earnings so far this year, a slowing of profit growth may be ahead.
"Because of a variety of industry-wide patterns and circumstances unique to the individual tobacco companies, we expect profit progress to slow for the major companies over the near term," said Roy Burry, analyst at Kidder, Peabody and Co.
As a result, Mr. Burry and his associate, Alan Gould, have removed from their purchase list the major cigarette stocks — Philip Morris, R.J. Reynolds, American Brands and U.S. Tobacco. Mr. Burry and Mr. Gould also reduced their earnings estimates for the companies to reflect their near-term concerns.
Through most of the 1970s, Mr. Burry said, marketing budgets supporting domestic tobacco products dropped relative to revenues, thereby boosting operating profit margins. But that pattern started to reverse last year, as it became increasingly evident that market-share trends during much of the 1980s "would, in large measure, be determined by the share of the ultra-low-tar market."
Operating profit margins also have benefited from an "overlap of price increases," which took effect in July and December of 1979, as well as in May and June of this year. Mr. Burry and Mr. Gould worry that such proliferation of price increases can be, at best, a temporary boost and would be absent in subsequent quarters.
In the case of Philip Morris, the Kidder Peabody analysts doubt that the company will be able to maintain a 25- to 30-percent year-to-year profit acceleration throughout 1980 and into 1981. About 60 percent of total operating earnings is derived from domestic cigarette shipments, Mr. Burry said.
The very costly delayed entry by Philip Morris into the ultra-low-tar market, and the expected absence of considerable "overlap" price increases in the coming quarters "will slow extremely favorable year-to-year profit comparisons for the Philip Morris tobacco division," according to Mr. Burry.
The analysts worry about possibly reduced unit gains and lower margins at Philip Morris multibeverage operations. Also, its 7-Up subsidiary is likely to see "insignificant profit levels," Mr. Burry said.
Thus, he cut his 1980 estimate for the firm to \$5.05 from \$5.15 a share; he also trimmed his 1981 estimate 10 cents to \$6. It earned \$4.08 in 1979.
For Reynolds, Mr. Burry reduced his 1980 estimate to \$6.15 a share, fully diluted, from \$6.25, and the 1981 figure to \$6.70 from \$7. It earned \$5.05 in 1979.
Reynolds Subsidiaries
Reynolds will generate this year 60 percent of total earnings from its domestic tobacco operations, Mr. Burry estimated. Apart from the upsurge in media expenditures and possible absence of price increases, the analyst also expects to see a slowdown in profit contribution from Reynolds' other divisions, namely the oil and gas, transportation and food units.
For American Brands, which last year earned \$12 a share, fully diluted, Mr. Burry reduced his 1980 estimate to \$12.75 from \$13, and the 1981 figure to \$13.65 from \$14. The analyst left unchanged his 1980 and 1981 estimates for U.S. Tobacco of \$4.25 and \$4.85, respectively.
Among those who remain bullish on tobacco stocks, Jeffrey Weingarten, an analyst at Goldman, Sachs and Co., continues to recommend Philip Morris and Universal Leaf Tobacco. "We continue to overweight tobacco stocks in our portfolios," he said.
William Knobel, analyst at Sanford C. Bernstein and Co., likes the group for their "truly recession-resistant qualities." In his buy list is Philip Morris.

Japanese Deficit In Trade Declines

The Associated Press
TOKYO — Japan's overall trade balance showed a deficit of \$783.9 million last month, compared with a \$1.64-billion deficit a year before, the Finance Ministry said Wednesday.
Japan's trade surplus with the United States narrowed in August to \$412 million from a \$671-million surplus in July, the Finance Ministry said. The monthly total was an increase from a \$339-million surplus in August, 1979.
Japan's exports to the United States last month totaled \$4.21 billion, a 10.7-percent increase from a year before. Imports from the United States, meanwhile, came to \$2.009 billion, up 7.5 percent from the year-earlier month.

Iran, Eurodif to Meet In Paris on Dispute

Reuters
PARIS — The multinational uranium-enrichment consortium, Eurodif, and Iran will discuss their dispute over Iran's 10-percent stake in Eurodif in Paris on Thursday, a Eurodif spokesman said.
The dispute began last year when Iran announced a substantial cut in its nuclear program, and rejected any continued part in Eurodif. A Paris court subsequently froze French payments on a \$1-billion Iranian loan to the French atomic energy agency.

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Wall Street Surges on OPEC News

Reuters
NEW YORK — Computer, drug and blue chips led an active and powerful rally on the New York Stock Exchange Wednesday.
The Dow Jones industrial average gained 15.36 points to close at 961.26 and advances swamped declines two to one. Turnover mushroomed to 64 million shares, the heaviest since mid-February, from 57.29 million yesterday.
Analysts said encouraging news on oil supplies and a firmer tone for the credit markets yesterday provided the market with a firm opening. The early gains prompted heavy buying by some short sellers rushing to cut losses, they added.
Saudi oil minister, Sheikh Ahmed Zaki Yamani said his country would hold its current 9.5 million barrel a day production through the fourth quarter.
Later in the day, the market received a lift from news U.S. housing starts rose 12 percent in August after a revised 2.1 percent July increase.

However, analysts said much of the gain resulted from the sheer strength of the market's recent advance. They said institutional investors, in particular, were anxious to buy stock before the end of the quarter to dress up their portfolios.
Separately, takeover target Pullman said it is continuing its request for a preliminary injunction against McDermott's tender offer on antitrust grounds.
Teledyne was a spectacular gainer, surging 13 1/2 to 199 1/2 after a temporary trading halt because of an order imbalance. Analysts said the action represented a classic short squeeze in which traders who had sold short in expectation the stock price would decline, were forced to buy the stock back to limit their losses.

Tandy was also cited as being in the same category, along with Texas Instruments and Rolm Corp. However, the computer group in general was strong. Tandy gained 3 1/2 to 82 1/2. Texas Instruments 4 1/2 to 135 1/2. Rolm 4 1/2 to 43 1/2. IBM 1 1/2 to 67 1/2 and Honeywell 3 1/2 to 93.
Transportation issues were volatile for the third straight day in reaction to reports railroads stand to make considerable money in the future from coal hauling, mergers and industry deregulation.

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Americans Traveling Less

S. Airlines Losing International Edge

By Eric Pace
New York Times Service

NEW YORK — U.S. airlines are losing their share of passengers on international flights, according to a Transport Association survey.

The group reported that American's share of the passenger market on scheduled international flights slipped from 51.7 percent in 1979 to 48.7 percent in 1979 and is expected to shrink to 47.6 percent in 1985.

A new study commissioned by the association, which represents all U.S. scheduled airlines, indicated that the total market for international flights was more than 100 million passengers in 1979, according to the study.

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Russians Seek U.S. Rigs After Kazakhstan Oil Find

By Robert Gillette

Los Angeles Times Service

MOSCOW — The Soviet Union has struck oil in central Kazakhstan, far from existing fields, and is trying to buy American drilling equipment to explore the new deposit, according to informed sources.

Three exploratory wells have produced significant but unspecified amounts of oil near Lake Tengiz, 200 miles north-west of the industrial city of Karaganda, these sources said. Lake Tengiz lies in a geological depression near the southern edge of the so-called Virgin Lands, a vast dry plains region of more than 100-million acres opened to grain cultivation in the mid-1950s.

Oil from all three test wells was said to contain large amounts of hydrogen sulfide and carbon dioxide, two gaseous contaminants that could pose problems in drilling and refining.

The sources stressed that little information is available to judge the importance of the Kazakhstan discovery. It is considered significant, however, that Soviet officials recently approached a U.S. company with an initial offer to buy 10 new drilling rigs for about \$10 million to extend exploration in the Lake Tengiz area. The sources refused to identify the company.

Sale of the drilling equipment is likely to be permitted even under trade restrictions the Carter administration imposed after the Soviet intervention in Afghanistan last December, so long as the U.S. company provides only drilling

equipment and not the technology for manufacturing it.

Kazakhstan covers an expanse more than one-fourth the area of the United States, stretching 1,900 miles from the Volga region of the European Soviet Union to the Altai Mountains on the Chinese border. It supplies 12 percent of the country's grain, and huge quantities of metals and phosphate fertilizers.

The Kazakh Republic's main petroleum artery is a pipeline from the swampy and trouble-plagued fields of Western Siberia 800 miles to the north. The planners of Kazakhstan industry would undoubtedly welcome more conveniently situated oil to save the enormous cost of transportation. And with the possibility of a general Soviet oil shortage looming in the 1980s, incentives to discover new reserves — especially in areas more hospitable than the bogs and permafrost of Siberia — are doubly strong.

The U.S. Central Intelligence Agency has maintained since April, 1977, that Soviet oil production would peak no later than the early 1980s, then begin a steep decline. Any such decline would put serious stress on the stagnating Soviet economy and, in the view of many U.S. experts, could drive the Soviet Union to seek oil from the Middle East, particularly from a chaotic and vulnerable Iran.

The CIA assumed that new fields would be found in the Soviet Union, some of them quite large, but has maintained that with rapid depletion of existing fields and technical problems in developing new ones.

Stock Purchase by Faberge Tied to New Health Device

By Robert Metz

New York Times Service

NEW YORK — Faberge, the beauty products company, may someday be in the cancer-detection business, according to some observers, and this possibility has caused some excitement on Wall Street in recent weeks.

Faberge's chairman, George Barrie, announced Tuesday that the company's board of directors had approved the purchase of additional common shares of BCSI Labs. The shares are to be picked up under an existing rights agreement permitting Faberge to buy up to 80 percent of BCSI stock. Faberge has the right to pick up the rest of the BCSI shares under another agreement.

A Faberge spokesman declined to say Tuesday how many shares were to be acquired under the purchase program at this time. Neither would he disclose the cost of the stock-purchase program.

Faberge's increased interest in BCSI suggests that the latter's breast cancer work is considered promising. If the company is successful in developing a product, the ramifications would be important. It is estimated that one out of every 11 women will develop breast cancer during her lifetime, and early detection is essential to successful treatment and can reduce the need for surgery.

BCSI, a company with little or no marketing clout, has developed the cancer-detection device for home use, and it seems clear that a major market could develop if it approved by the Food and Drug Administration. While it is not yet known whether the device will be approved, company-sponsored

clinical trials were completed in June, 1979. And many investors think that Faberge's decision to buy more BCSI stock may have been made on the basis of encouraging results of those studies.

Should the device become perfected and approved, Faberge, with annual sales of \$250 million, would be in a position to distribute it through U.S. drugstores where the company's products are already sold. The company's product line includes, in addition to Faberge itself, such well-known names as Brut, Babe and Caryl Richards.

Some informed analysts obviously have placed considerable significance on the ties between the two companies. This shows in the recent activity in Faberge shares. Last week, Faberge went up 2 1/2 points; it closed Tuesday at 13 1/2, off one-half.

Analysts believe that Faberge could sell at \$14 a share on its own merit. This is because the company's book value is about \$20 a share.

Faberge, meanwhile, has drawn the attention of some well-known investors. Recently, David Merck, the Broadway producer, filed papers with the Securities and Exchange Commission indicating

that he had acquired 5 percent of the outstanding shares. Shortly thereafter, Trafalgar Industries, a vending machine company, informed the SEC that it had acquired about 6 percent of the shares.

If Faberge is attractive on its own merits, some obviously think it is even more attractive in terms of the cancer-detection device, which utilizes a chemical heat sensor that is enclosed in a water-thin plant material that assumes the

contours of the breast. Placed inside the bra and worn for 10 to 15 minutes, the sensor measures underlying breast temperature. It is said by its producers to be nontoxic, and not invasive or irritating.

The Faberge spokesman said that continuing studies were under way to make an application to the FDA for approval of the new device. He estimated that it would be the middle of next year before the device could be marketed in any event.

Mr. Barrie indicated in the 1979 annual report that he regarded the development as a major one. In the letter to shareholders, he wrote, that initial clinical trials of the device were begun at the Georgetown University School of Medicine in April, 1979, and completed in June.

U.S. 1st-Half Record

In Computer Exports

The Associated Press

WASHINGTON — Exports of U.S. electronic computing equipment rose to a record \$3.5 billion in the first half of the year, the Commerce Department reported.

Exports of other business machines raised the total to \$4 billion, the department said. Imports of computing equipment were only one-seventh as large as exports, which were 40 percent above the 1979 figure. Britain was the largest U.S. customer, with purchases of \$543 million. West Germany followed with \$517 million.

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Arnhold and S. Bleichroeder, Inc.

Atlantic Capital
Corporation

Bankhaus H. Aufhäuser

Bache Halsey Stuart Shields
Incorporated

Baden-Württembergische Bank
Aktiengesellschaft

Banca Commerciale Italiana

Banca del Gottardo

Bank Julius Baer International
Limited

Bank Gutzwiller, Kurz, Bunge (Overseas)
Limited

Bank Leu International Ltd.

Bank Mees & Hope NV

Bank of Tokyo International
Limited

Banque Arabe et Internationale
d'Investissement (B.A.I.)

Banque Bruxelles Lambert S.A.

Banque Française du Commerce Extérieur

Banque Générale du Luxembourg S.A.

Banque de l'Indochine et de Suez

Banque Internationale à Luxembourg S.A.

Banque Privée de Gestion Financière - B.P.G.F.

Banque de Neufville, Schlumberger, Maillet

Banque de Paris et des Pays-Bas

Baring Brothers & Co.,
Limited

H. Albert de Bary & Co. N.V.

Barclays Bank International
Limited

Bayerische Landesbank
Girozentrale

Bayerische Vereinsbank
Aktiengesellschaft

Bayerische Hypotheken- und Wechsel-Bank
Aktiengesellschaft

Bergon Bank

Berliner Bank
Aktiengesellschaft

Berliner Handels- und Frankfurter Bank

Bankhaus Gebrüder Bethmann

Blyth Eastman Paine Webber
International Limited

B.S.I. Underwriters
Limited

Cazenove & Co.

Cibank Bank og Kreditkasse

Citicorp International Group

Continental Illinois
Limited

Copenhagen Handelsbank

County Bank
Limited

Crédit Commercial de France

Crédit Industriel d'Alsace et de Lorraine

Crédit Industriel et Commercial

Creditanstalt-Bankverein

Dahwa Europe N.V.
Delbrück & Co.

Dan Danske Bank

Richard Daus & Co. Bankiers
vormals Hans W. Petersen

Dresdner Bank
Aktiengesellschaft

Deutsche Girozentrale

Deutsche Kommunalbank -
Erfurterbank-Warburg
Aktiengesellschaft

European Banking Company
Limited

Deutsche Girozentrale

Genossenschaftliche Zentralbank AG, Vienna

Girozentrale und Bank
der österreichischen Sparkassen
Aktiengesellschaft

Goldman Sachs International Corp.

Hamburgische Landesbank
- Girozentrale -

Handelsbank N.W. (Overseas)
Limited

Georg Hauck & Sohn Bankiers
Kommanditgesellschaft auf Aktien

Hessische Landesbank
- Girozentrale -

Hilf Samuel & Co.
Limited

Industriebank von Japan (Deutschland)
Aktiengesellschaft

Istituto Bancario San Paolo di Torino

Kidder, Peabody International
Limited

Kleinwort, Benson
Limited

Kreditbank S.A. Luxembourgeoise

Kuwait Investment Company (S.A.K.)

Landesbank Rheinland-Pfalz
- Girozentrale -

Lloyds Bank International
Limited

LTCB International
Limited

Manufacturers Hanover
Limited

Merck, Finck & Co.

B. Metzler seel. Sohn & Co.

Morgan Guaranty Ltd.

Morgan Stanley International

Multi Banking Corporation (Overseas)
Limited

The Nikko Securities Co., (Europe) Ltd.

Norddeutsche Landesbank
Girozentrale

Österreichische Länderbank
Aktiengesellschaft

Orion Bank
Limited

Pierson, Holding & Pierson N.V.

Rabobank Nederland

Schroder, Münchmeyer, Hengst & Co.

Skandinaviska Enskilda Banken

Smith Barney, Harris Upham & Co.
Incorporated

Sumitomo Finance International

Svenska Handelsbanken

Swiss Bank Corporation International
Limited

Trinkaus & Burkhart

Vereins- und Westbank
Aktiengesellschaft

J. Vontobel & Co.

M.M. Warburg-Brinckmann, Wirtz & Co.

Westdeutsche Landesbank
Girozentrale

Westfälische Bank
Aktiengesellschaft

Wood Gundy Limited

Yamaguchi International (Europe)
Limited

Yamaguchi International (Europe)
Limited

OIL DISCOVERY IN
SOUTH EAST TURKEY

Mr. Adoli H. Lundin, president of Gulfstream Resources Canada Ltd. and North-South Resources Ltd. and E.W. Bazinet, President of Eurocan Ventures Ltd., announce that their joint well in South East Turkey has discovered oil. The discovery was made in the Raman formation.

After drilling out from seven-inch casing set at 6431 feet, oil shows were found in two cores taken from 6434 to 6446 feet. Free oil shows in varying vuggy porosity and fractures indicated a potentially oil productive reservoir.

Using 2 1/2-inch tubing and a pump set at 3600 feet, a Lufkin pumping unit was temporarily installed to provide a preliminary test. Following clean-up, a 12-hour test and 17-hour test on September 5 and 6 respectively yielded between 14 and 16 barrels of clean oil per hour indicating potential rates of 336 to 384 barrels of oil per day. The oil gravity is about 31-degrees API.

The well has now been shut-in pending arrangement for production storage facilities, truck transport and crude sales contract.

The companies now plan to move the rig and commence a well to be known as mollacabir n° 1 on the same seismically well defined structure four and one quarter kilometers west of the discovery well. The new well will evaluate, and hopefully extend, the Raman production. It will also test the deeper cretaceous marlin limestone and more importantly, a major silurian prospect in the handof sandstone at a depth of about 9800 feet.

The handof is known to be oil and gas bearing at a very low structural position on the east plunge of the structure. If successful in the silurian, a major oil field might be revealed by the forthcoming mollacabir well.

In total the consortium controls the exploration rights on about 1,150,000 acres within the known oil producing belt of South-East Turkey. Several other prospects have been identified and will be evaluated on a systematic basis.

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Switzerland.



TELESP
TELECOMUNICAÇÕES
DE SÃO PAULO S.A.
EMPRESA DO SISTEMA TELEBRÁS

S\$ 25'000'000 MEDIUM TERM FLOATING RATE LOAN

vided by

OTTHARD BANK INTERNATIONAL LTD., Nassau

ANCO AMBROSIANO OVERSEAS LIMITED, Nassau

ANDARD CHARTERED BANK AG, Zürich

ANDINAVISKA ENSKILDA BANKEN (LUXEMBOURG) S.A., Luxembourg

ent bank

anca del Gottardo

July, 1980

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Closing		Stocks, September 17, 1936	
Associated Nat'l Secur- ities	100 1/2	Chrysler	27 1/2
Aviation	100 1/2	Coca-Cola	27 1/2
Bank of America	100 1/2	Continental	27 1/2
Bank of New York	100 1/2	Eastman	27 1/2
Bank of the South	100 1/2	General Electric	27 1/2
Bank of the West	100 1/2	General Motors	27 1/2
Bank of the City	100 1/2	International Har- vester	27 1/2
Bank of the State	100 1/2	Johnson & John- son	27 1/2
Bank of the Union	100 1/2	Kodak	27 1/2
Bank of the Republic	100 1/2	Leatherstocking	27 1/2
Bank of the Commonwealth	100 1/2	Life Insurance	27 1/2
Bank of the Empire	100 1/2	Life Insurance	27 1/2
Bank of the North	100 1/2	Life Insurance	27 1/2
Bank of the South	100 1/2	Life Insurance	27 1/2
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Bank of the State	100 1/2	Life Insurance	27 1/2
Bank of the Union	100 1/2</		

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12-65. Telex: 612832.

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